

Legislative History for Connecticut Act

HB 5605	PA 393	1987
House 7818-7828, 7860-7875		27 p.
Senate 891, 4183-4187		6 p.
General law 348-389, 394-465, 541-544, 856		109 p.
		8 p. 142 p.

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
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Chamber passed away. Mrs. Ruth Jones, who was 94 years old, a former State Representative from Waterbury, a Republican, passed away.

Mrs. Jones was certainly a legend in her own time, being first elected in the 1940s. Then she interrupted her career to travel around the world on a goodwill mission as the Grand Matron of the Order of the Eastern Stars.

She later then returned to the legislature and served a second term, retiring to then spend 16 years on the faculty of the St. Margaret McTiernan School for Girls in the Music Dept.

Mrs. Jones certainly was a role model at a time when many females were not readily accepted in arenas other than in the home and as homemakers.

Mr. Speaker, I ask that this Chamber rise in her memory for a moment of silence. Thank you.

SPEAKER STOLBERG:

Further announcements, Points of Personal Privilege?

CLERK:

Page 11, please, Calendar 758, Substitute for House Bill 5605, AN ACT CONCERNING USED CAR WARRANTIES, Favorable Report, Committee on Appropriations.

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REP. FOX: (144th)

Mr. Speaker.

SPEAKER STOLBERG:

Rep. Fox.

REP. FOX: (144th)

Mr. Speaker, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

SPEAKER STOLBERG:

Will you remark?

REP. FOX: (144th)

Yes. First of all, Mr. Speaker, I would like to yield to Rep. Paul Garavel.

REP. GARAVEL: (110th)

Mr. Speaker.

SPEAKER STOLBERG:

Rep. Garavel.

REP. GARAVEL: (110th)

Will the record reflect that I am excusing myself due to the appearance of a conflict of interest in voting on this matter.

SPEAKER STOLBERG:

The Journal will note that Rep. Garavel is absenting himself from the Chamber due to a potential apparent conflict

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of interest under our rules. Rep. Fox.

REP. FOX: (144th)

Mr. Speaker, there is an amendment that becomes the bill. I would like to call that and ask for permission to summarize. It is LCO 7733.

SPEAKER STOLBERG:

The Clerk has the Amendment LCO 7733, designated House "A". Will the Clerk please call.

CLERK:

LCO 7733. Designated House "A", offered by Rep. Woodcock, et al.

SPEAKER STOLBERG:

Is there objection to summarization? Seeing none, Rep. Fox.

REP. FOX: (144th)

Thank you, Mr. Speaker,

Mr. Speaker, this bill and this amendment is what is commonly known as the Used Car Lemon Law. It has been worked on, there's been much debate and discussion on it. I believe the Amendment which we now place before you has bipartisan support, and also the support of the industry.

In summary, this bill provides a warranty for parts and labor, that a given vehicle is mechanically operational

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and sound. It applies to vehicles that cost \$3000 or more. In particular, there is a 30 day or 1500 mile warranty for cars costing \$3000 to \$5000; for cars of \$5000 or more, it is for 60 days or 3000 miles.

Of particular concern to the respective interests, and I think to this body is an additional provision which we now have in the amendment, which provides for a maintenance of statistics and quarterly reports with respect to just how well this bill is working, with respect to the types of complaints that are received, and how those are dealt with.

There is also a provision in the bill which allows for a knowing waiver of specific defects, and allows under certain circumstances with respect to vehicles that are 7 years old or less, or over \$3000 dollars, for a sale of in an "as is" condition.

I think this bill is a good start. I think it deals with what has come to our attention as a serious problem within our state. It's a natural evolution and growth out of the concept of Lemon Law for new cars, which has been adopted by this body and worked on and perfected over a number of years.

Initially, Mr. Speaker, I would move adoption of the amendment.

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SPEAKER STOLBERG:

Will you remark?

Will you remark?

If not, all those in favor of the amendment, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER STOLBERG:

All those to the contrary, nay.

The amendment is adopted. Ruled Technical.

House Amendment Schedule "A":

Strike everything after the enacting clause and insert the following in lieu thereof:

"Section 1. (NEW) As used in this act:

(1) "Dealer" means any person, firm or corporation licensed pursuant to section 14-52 of the general statutes, as a new car dealer or a used car dealer, as defined in section 14-51 of the general statutes;

(2) "Motor vehicle" means a motor vehicle, as defined in subdivision (30) of section 14-1 of the general statutes;

(3) "Used motor vehicle" means a used or second-hand motor vehicle, as defined in subdivision (62) of section 14-1 of the general statutes;

(4) "Cash purchase price" means all amounts charged for the purchase of a motor vehicle, including the value of a trade-in vehicle, except a finance charge; and

(5) "Consumer" means the purchaser, other than for the purposes of resale, of a used motor vehicle normally used for personal, family or household purposes, and the spouse or child of the purchaser if such motor vehicle is transferred to the spouse or child during the duration of

any warranty applicable to such motor vehicle, and any other person entitled by the terms of such warranty to enforce the obligations of the warranty.

Sec. 2. (NEW) (a) A dealer selling a used motor vehicle which has a cash purchase price of three thousand dollars or more shall not exclude, modify, disclaim or limit implied warranties on the motor vehicle.

(b) Each contract entered into by a dealer for the sale to a consumer of a used motor vehicle which has a cash purchase price of three thousand dollars or more but less than five thousand dollars, shall include an express warranty, covering the full cost of both parts and labor, that the vehicle is mechanically operational and sound and will remain so for at least thirty days or one thousand five hundred miles of operation, whichever period ends first, in the absence of damage resulting from an automobile accident or from misuse of the vehicle by the consumer. Each contract entered into by a dealer for the sale of a used motor vehicle which has a cash purchase price of five thousand dollars or more shall include an express warranty, covering the full cost of both parts and labor, that the vehicle is mechanically operational and sound and will remain so for at least sixty days or three thousand miles of operation, whichever period ends first, in the absence of damage resulting from an automobile accident or from misuse of the vehicle by the consumer. A dealer may not limit a warranty covered by this section by the use of such phrases as "fifty-fifty", "labor only", "drive train only", or other words attempting to disclaim his responsibility.

(c) The provisions of this section shall not apply to: (1) The sale of a used motor vehicle having a cash purchase price of less than three thousand dollars; (1) the sale of such motor vehicles between dealers; or (3) the sale of a used motor vehicle which is seven years of age or older, which age shall be calculated from the first day in January of the designated model year of such vehicle.

(d) The consumer may waive a warranty required pursuant to this section only as to a particular defect in the vehicle which the dealer has disclosed to the consumer as being defective. No such waiver shall be effective unless such waiver: (1) Is in writing; (2) is conspicuous, as defined in subdivision (10) of section 42a-1-201 of the general statutes and is in plain language;

(3) identifies the particular disclosed defect in the vehicle for which such warranty is to be waived; (4) states what warranty, if any, shall apply to such disclosed defect; and (5) is signed by both the customer and the dealer prior to sale.

Sec. 3. (NEW) A dealer shall honor any warranty required by this act notwithstanding the fact that the warranty period has expired, provided the consumer notifies the dealer of a claimed breach of the warranty within the warranty period specified in subsection (b) of section 2 of this act.

Sec. 4. (NEW) (a) The term of any warranty required under the provisions of this act shall be extended by any time period during which the used motor vehicle is in the possession of the dealer or his duly authorized agent for the purpose of repairing the used motor vehicle under the terms and obligations of said warranty.

(b) The term of any such warranty shall be extended by any time during which repair services are not available to the consumer because of a war, invasion or strike, fire, flood or other natural disaster.

(c) Any agreement entered into by a consumer for the purchase of a used motor vehicle which waives, limits or disclaims the rights set forth in this act, except as provided in subsection (d) of section 2 of this act, shall be voidable at the option of the consumer. If a dealer fails to provide a written warranty as required by this act, the dealer shall be deemed to have given said warranty.

(d) Nothing in this act shall in any way limit the rights or remedies which are otherwise available to a consumer under any other law.

Sec. 5. (NEW) (a) A used motor vehicle may be sold "as is" by a dealer only if its cash purchase price is less than three thousand dollars or if such used motor vehicle is seven years of age or older, which age shall be calculated from the first day in January of the designated model year of such vehicle.

(b) No "as is" disclaimer by a dealer shall be enforceable unless all of the following conditions are met:

(1) A disclaimer shall appear on the front page of the contract of sale, which shall read as follows:

"AS IS"

THIS VEHICLE IS SOLD "AS IS". THIS MEANS
THAT YOU WILL LOSE YOUR IMPLIED WARRANTIES.
YOU WILL HAVE TO PAY FOR ANY REPAIRS
NEEDED AFTER SALE.

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IF WE HAVE MADE ANY PROMISES TO YOU, THE
LAW SAYS WE MUST KEEP THEM, EVEN IF WE
SELL "AS IS". TO PROTECT YOURSELF, ASK US
TO PUT ALL PROMISES INTO WRITING.

(2) The text of the disclaimer shall be printed in twelve-point boldface type, except the heading shall be in sixteen-point extra boldface type. The entire notice shall be boxed.

(3) The consumer shall indicate his assent to the disclaimer by signing his name within the box containing the disclaimer.

(c) An "as is" sale of a used motor vehicle waives implied warranties, but shall not waive any express warranties, whether oral or written, which may have been made nor shall it affect the dealer's responsibility for any representations which may have been made, whether oral or written, upon which the buyer relied in entering into the transaction.

(d) Nothing in this act shall be construed to limit the effect of any other requirements of the law or of any representations on a certificate of title that the vehicle is in suitable condition for legal operation on the highways of this state.

Sec. 6. (NEW) (a) No dealer may make any false, misleading or deceptive statements about the condition or history of any used motor vehicle offered for sale.

(b) If a dealer promises that any repairs will be made or any conditions corrected in connection with the purchase of a used motor vehicle, he shall list such repairs in writing, attach a copy of such list to the contract and incorporate such list into the contract.

Sec. 7. (NEW) No dealer may refuse any consumer the opportunity to have an independent inspection of any used motor vehicle offered for sale. If the consumer requests an inspection, it shall be conducted by a person chosen by the consumer, but the dealer may establish reasonable conditions regarding the place, time and extent of the inspection.

Sec. 8. (a) Commencing January 1, 1988, and continuing until the department of motor vehicles and the department of consumer protection issue the report required pursuant to subsection (b) of this section, said departments shall issue preliminary reports, on a quarterly basis, which reports shall include, but shall not be limited to, a summary of the number, nature and disposition of complaints

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received by such departments within each applicable calendar quarter, concerning the violation of used car warranties established pursuant to this act. Such reports shall be made available to a statewide association representing licensed motor vehicle dealers.

(b) The department of motor vehicles and the department of consumer protection shall, not later than January 15, 1989, issue a final report to the joint standing committee of the general assembly having cognizance of matters relating to consumer protection, which report shall include, but shall not be limited to, a summary of the number, nature and disposition of complaints received by such departments within a one year period commencing January 1, 1988, concerning the violation of used car warranties established pursuant to this act.

Section. 9. The sum of sixty-nine thousand dollars is appropriated to the department of motor vehicles, for the fiscal year ending June 30, 1988, from the sum appropriated to the finance advisory committee under section 1 of substitute house bill 7240 of the current session, for 1987 acts without appropriations, for the purposes of carrying out the provisions of this act.

Sec. 10. This act shall take effect July 1, 1987, except that sections 1 to 8, inclusive, of this act shall take effect October 1, 1987."

SPEAKER STOLBERG:

Will you remark further on the bill? Rep. Fox.

REP. FOX: (144th)

Mr. Speaker, I believe my summary of the amendment summarizes the bill. I move adoption, sir.

SPEAKER STOLBERG:

Will you remark further? Rep. Tiffany.

REP. TIFFANY: (36th)

Mr. Speaker, yes. Question through you, sir, to

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Rep. Fox. Rep. Fox, if a dealer took in a car worth more than \$3000 in trade on a new car, and I wanted to go in and buy that car without a warranty, in other words, if the dealer takes it in, he obviously has got to do, at least some inspection on it to see whether or not it needs any work.

Presently, would it be possible for me to buy that car, say, three, four, five hundred dollars less than he would ask if I took it as an "as is" vehicle?

SPEAKER STOLBERG:

Rep. Fox.

REP. FOX: (144th)

Through you, Mr. Speaker. The controlling factor, Rep. Tiffany, would be what is referred to as the cash purchase price. In particular, cash purchase price or age. In particular, I would direct your attention to line 35 under definitions, and I would also direct your attention to section 5, beginning on line 105, which sets certain guidelines to a sale of an "as is" vehicle or a vehicle being sold "as is", and in particular, that can be done with respect to a vehicle which is less than \$3000, or a vehicle which is 7 years of age or older. Those are the only circumstances under this bill which would allow a

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sale of vehicle "as is", sir.

REP. TIFFANY: (36th)

Thank you. Mr. Speaker, I have prepared an amendment, but it was prepared on the file copy. I have just been advised that there was this compromise amendment, and I have recalled LCO and asked them to draw new amendment on the new LCO number. Mr. Speaker, I can, it's coming, could we PT this or stand at ease, or let me explain it while they're duplicating it or whatever?

SPEAKER STOLBERG:

Coming in a minute or ten, do you know, Rep. Tiffany?

REP. TIFFANY:

It's being copied, as I understand it, Mr. Speaker.

SPEAKER STOLBERG:

Chair would suggest that the item be PT'd at this point. We'll come back to it. Rep. Balducci.

REP. BALDUCCI: (27th)

Mr. Speaker, may this item be passed temporarily?

SPEAKER STOLBERG:

Motion is to pass temporarily.

CLERK:

Please turn to page 7. Calendar 713, Substitute for House Bill 7467, AN ACT ESTABLISHING AN AIRPORT

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CLERK:

Please turn to page 11, to Calendar 758, substitute for House Bill 5605, AN ACT CONCERNING USED CAR WARRANTIES. Favorable report of the Committee on Appropriations.

SPEAKER STOLBERG:

Representative Fox.

REP. FOX: (144th)

Mr. Speaker, first of all if I might yield to Representative Garavel, please.

SPEAKER STOLBERG:

Representative Garavel, for the same announcement as when this Bill was called before, I presume, Sir.

REP. GARAVEL: (110th)

Yes, thank you, Mr. Speaker, I would like the record to reflect that I am exempting myself due to the appearance of a conflict of interest.

SPEAKER STOLBERG:

The journal will so note. Representative Garavel exempting himself under our rules. Representative Fox.

REP. FOX: (144th)

Mr. Speaker, just so that the record is clear here,

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I have previously moved adoption of the Bill in addition to that I called LCO No. 7733 which was adopted by voice vote. I have moved adoption of that Amendment, I believe we are at a point where Representative Tiffany was considering the possibility of presenting an Amendment. I don't mean to speak for him, but it is my understanding that that will not go forward at the present time, but it may be appropriate for me to yield to Representative Tiffany.

SPEAKER STOLBERG:

Representative Tiffany, do you accept the yield?

REP. TIFFANY: (36th)

Yes, Mr. Speaker. Mr. Speaker, the Amendment that was earlier adopted in my personal opinion has a flaw in it. In that a consumer could not even if he wished purchase a car in the "as is" condition if its value exceeded \$3,000. I had an Amendment drawn that would remedy this, however, after consultation with several members I was surprised that there was a good deal of work that went into this original Amendment, the so-called compromise and in the spirit of the fact that everyone has signed off on the Amendment that did pass

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I will not presently offer mine, I will simply vote against the Bill. Thank you.

SPEAKER STOLBERG:

Thank you, Representative Tiffany, will you remark further on the Bill. Representative Migliaro.

REP. MIGLIARO: (80th)

Thank you, Mr. Speaker, a question through you to Representative Fox, if I may.

SPEAKER STOLBERG:

Please frame your question.

REP. MIGLIARO: (80th)

I am looking at the Amendment which is the Bill I believe in Section 9, sum of \$69,000 to be appropriated to the Department of Motor Vehicle. Can you tell me what that \$69,000 is for is it for personnel. Can you explain what that is, through you, Mr. Speaker.

SPEAKER STOLBERG:

Representative Fox.

REP. FOX: (144th)

Through you, Mr. Speaker, it is my understanding Representative Migliari that that \$69,000 will buy two inspectors and a clerk. One of the issues that we want to have a handle on and that we want to be able to pursue

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aggressively is just how well this proposal and this concept is working. It is my understanding and I believe the intention of the committee and hopefully the intention of this body to have those inspectors out there looking into complaints, looking into disputes, following how those are resolved and keeping track of that so that the bill will become effective, and it won't just be a policy without any enforcement ability attached to it.

SPEAKER STOLBERG:

Representative Migliaro.

REP. MIGLIARO: (80th)

Through you, Mr. Speaker, another question.

Representative Fox, then I assume that these two inspectors will be coming out of the dealer and repair section of the Motor Vehicle Department, and I'm wondering if it's the intention of your committee to get some kind of an annual report on the activity that's out there relative to the Motor Vehicle Department and the dealer and repair section.

I'm concerned about that, because I know that they have a number of inspectors over there and they haven't been doing their job to the fullest extent on many other

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areas, I'm wondering if we're creating positions and they're going to be used for other duties rather than just a specific area. Through you, Mr. Speaker.

SPEAKER STOLBERG:

Representative Fox.

REP. FOX: (144th)

Through you, Mr. Speaker, that's a very valid question and I would direct your attention to section 8 of the bill. It is our intention and the bill calls for more than an annual report, the bill calls for a quarterly report. So we would hope that we would have a great deal of input from those individuals.

I cannot represent to you that they will do nothing else, because I just don't know that for a matter of fact, but certainly for purposes of legislative intent, it is our desire that they work on this concept and on this legislation to keep track of what happens and to see how disputes are handled and resolved.

REP. MIGLIARO: (80th)

One other question through you, Mr. Speaker.

SPEAKER STOLBERG:

Representative Migliaro.

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REP. MIGLIARO: (80th)

The \$69,000, through you, Mr. Speaker, to Representative Fox, the \$69,000 now I assume will change the bottom line in the current budget that we adopted here just last week. Or has that been already incorporated, or is that coming out of the FAC fund? Where's the \$69,000 coming from? Through you, Mr. Speaker.

SPEAKER STOLBERG:

Representative Fox.

REP. FOX: (144th)

Through you, Mr. Speaker, it's my understanding it's coming out of FAC. It's coming out of dogs and cats.

REP. MIGLIARO: (80th)

Mr. Speaker, the only thing, I think it's a good bill, I think the amendment is good, and I think it's going to move in the right direction. The only concern I have, and I think there was a lot of concern from a lot of my constituents and I'm sure many of the other legislators received cards from it as well.

Knowing quite a lot about the profession, I was in the business years ago. But, how do you control the private sales? This has nothing to do with the individuals

who sell from one private person to another. I'm wondering if later on down the road, there's any intention, and maybe I should pose this as a question for you, Mr. Speaker, to also have the used car lemon law be applied to individual sales, private sales as well in order to make this particular piece of legislation work properly.

Because I think there are many more private sales than there are in the dealers. Could the Insurance Chairman give me an opinion on whether or not in the future they may be looking in that area as well? Through you, Mr. Speaker.

SPEAKER STOLBERG:

Representative Fox.

REP. FOX: (144th)

Through you, Mr. Speaker, that's a valid concern, it's an issue that was discussed and debated within the committee and at the public hearings. I cannot and will not represent to you that in the future we will subject those sales to this bill, but it is certainly something that I expect we will take a look at, and is certainly something we will consider when we get the feedback from the various departments referred to in the committee or

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referred to in the legislation.

REP. MIGLIARO: (80th)

I appreciate that, the only thing I want to make you aware of, Representative Fox and members of the Chamber, that approximately 60% of your sales on used cars are private. They are not sold, only 40% approximately by dealers. With all the good intentions of this bill I don't think we're addressing where the problem really is. And more people sell individually, as is, and many people get stuck because there's no warrantee and they turn around and clean the car up and sell to unsuspecting people. Although the bill is well intended, I want you to realize you're only talking about 40% of the market in the used car field.

And that somewhere along the line, I think we're going to have to address that other problem with the 60% and probably incorporate a bill similar to this for private sales. Thank you, Mr. Speaker.

SPEAKER STOLBERG:

Will you remark further? Representative Nania.

REP. NANIA: (63rd)

Thank you, Mr. Speaker. My name and others are

on this amendment as well, and on conversations on the floor and elsewhere, it has been represented that the industry has gone along with this. The phrase "signed off" has been used. I think those representations are accurate. But for the purposes of this debate, considering that this might have been a far different debate, I think that the members should no, exactly at least in one observer's opinion, that signing off consisted of.

We met here, the members whose names appear on this amendment with 3 automobile dealers and the representative of the association. My assumption is those dealers were leaders in the association. And the context of that meeting was, at least in the minds of those dealers, the certainty that something was going to be done this year. I think the phrase "to them" is not an overstatement. To some extent they were in certainly a position to be reasonable about proposals.

This amendment is a product of discussions with them here and they did agree to that. I don't think that the representation they agreed to it should forestall any debate if any member should wish to debate the merits of this issue. Thank you, Mr. Speaker.

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SPEAKER STOLBERG:

Will you remark further? If not, will all members please be seated. Staff and guests to the Well of the House. Will you remark further? Representative Woodcock.

REP. WOODCOCK: (14th)

Thank you very much, Mr. Speaker. I'd like to associate myself with Representative Nania's comments. There were a lot of postcards sent out to many of my colleagues identifying me as the person who was pushing this bill, the sole sponsor. And I really want to make it clear that this was a team effort. Many, many people were involved in putting together this important legislation to protect consumers here in Connecticut, Representative Nania, Representative Bowden, Representative O'Neill from that side of the aisle, all members of General Law worked on this bill.

The Transportation Committee, the Appropriations Committee all approved the bill and worked on the bill. The Connecticut Automotive Trade Association through the representation of Michael Healy, their legislative chairman together with their lobbyist Lou Cottillo and their Executive Director, Steve Gabriel, all participated

in putting this bill together. Present at all times working on the bill, assisting on keeping the talks going was our esteemed majority leader, Robert Frankel.

Mostly I would like to recognize at this time the individual efforts of Carl Schiessl, Vinnie Mazzotta and the leadership on the General Law Committee. The leadership from the General Law Committee being Stan Krawiec and our chairman John Wayne Fox who handled this thing very delicately, professionally and competently.

And I think a lot of the reason why we're having this cooperative type discussion this evening about this sensitive issue is because of John Wayne Fox. A couple of policy comments and then I'm going to sit down. I've talked about this enough over the years.

I think we have a balanced objective, a well-intended bill that helps both sides. It helps out the car dealers because it's directed at the bad apples who we all acknowledge are out there. And the car dealers that we sat down and talked to over the past few weeks, acknowledged that and said yes, this type of bill will help us in policing our own industry.

It also gives the car lobby an opportunity to

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control their own destiny. By that I mean they are going to be able to watch this law and how it works after October 1, get quarterly reports from the Motor Vehicle Department and also respond to those reports and work with the Department of Consumer Protection and the Motor Vehicle Department.

As far as consumers are concerned, this has been an area where the state has received volumes of complaints over the years. DCP has come to public hearings and said time and time again, this is our number one area where we're getting complaints. And DCP has come up here every year and endorsed some type of proposal along these lines. So it's a response to that type of problem.

It's also a response to the fact that people pay more money for used cars. It's a big ticket item for the average person.

And the last thing it does, it provides some meaningful recourse and protection during the honeymoon period when you buy your used cars. For the first 30 days or 60 days you're going to have 100% coverage and be able to bring that car back and have it taken care of. The expression has been used here many, many times here

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before, Mr. Speaker, and I also forgot to represent to you the efforts of Representative Mazza who was very critical on this process. But the statement has been made many, many times, Mr. Speaker. It's a good bill and it ought to pass. Thank you for your support.

SPEAKER STOLBERG:

That sounds like a good summary. Will you remark further? Representative Krawiec.

REP. KRAWIEC: (26th)

Mr. Speaker, I'll be very brief. The only thing I can say, last year we brought a bill before the body and they asked us to go back and make a good bill. We did go back, we worked hard on it, we got together with the dealers and now we present it to the body and I hope you will vote for the bill, thank you very much.

SPEAKER STOLBERG:

Will all members please be seated. Staff and guests to the Well of the House. Will you remark further? Representative Nania.

REP. NANIA: (63rd)

Yes, very briefly for purposes of legislative intent, Mr. Speaker.

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SPEAKER STOLBERG:

Please proceed.

REP. NANIA: (63rd)

Through you to Representative Woodcock, if an automobile is less than 7 years old, but is not in operating condition at all, and the dealer offers to sell it, and it is a valuable car, the kind of car someone makes a project of, can a dealer under this bill sell this car without a warrantee in "as is" condition, or to ask the question a different way, is there some way of understanding the term of motor vehicle, not to cover that kind of car?

SPEAKER STOLBERG:

Representative Woodcock.

REP. WOODCOCK: ((14th))

Through you, Mr. Speaker. Representative Nania, I believe that section 2d will be helpful in response to your question. What that section basically does is it gives the dealer an opportunity to identify defects in the vehicle that are not covered by the warrantee, it has to be in writing, the consumer has to sign it and the dealer has to sign it also.

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SPEAKER STOLBERG:

Will all members please be seated. Staff and guests to the Well of the House. The machine will be open.

CLERK:

The House of Representatives is voting by roll,
members please return to the Chamber. The House of Representatives is currently taking a roll call vote, members please return to the Chamber.

SPEAKER STOLBERG:

Have all the members voted? Have all the members voted and is your vote properly recorded? If all the members have voted, and your vote is properly recorded, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally?

CLERK:

House Bill 5605, as amended by House "A":

Total Number Voting	134
Necessary for Passage	68
Those voting Yea	121
Those voting Nay	13
Those Absent and not Voting	17

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The bill is passed.

CLERK:

Page 25 please, Calendar 446, Substitute for House Bill 6742, AN ACT REPEALING LEGISLATIVE OVERSIGHT BY THE INSPECTOR GENERAL. (As amended by House "A"). Favorable Report of the Committee on APPROPRIATIONS.

REP. LAVINE: (100th)

Mr. Speaker.

SPEAKER STOLBERG:

Representative Lavine.

REP. LAVINE: (100th)

Mr. Speaker, I move the Joint Committee's Favorable Report and passage of the bill.

SPEAKER STOLBERG:

Will you remark further, if not..

REP. LAVINE: (100th)

Mr. Speaker, tonight we are going to rectify an oversight of last years, and we are going to arrange..

SPEAKER STOLBERG:

We'll allow about another 30 seconds of frivolity and then we'll get down to business and maintain the decorum that this speaker is accustomed to. That's enough

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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1987

VOL. 30
PART 3
764-1135

Technical Session
March 23, 1987

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BUSINESS FROM THE HOUSE:

HOUSE BILLS FAVORABLY REPORTED - WITH A CHANGE OF REFERENCE

General Law - Substitute House Bill 5605. An Act Concerning Used Car Warranties.

Referred to Transportation.

Labor & Public Employees - Substitute House Bill 5082. An Act Increasing the Minimum Wage for Workers in this State.

Referred to Appropriations

Human Services - House Bill 5643. An Act Eliminating the Registration Fee for Family Day Care Homes.

Referred to Finance, Revenue & Bonding

Human Services - Substitute House Bill 5788. An Act Concerning Respite Care for Families of Persons Suffering from Alzheimer's Disease.

Referred to Appropriations

Family & The Workplace - House Bill 7488. An Act Concerning Training for Dislocated Workers.

Referred to Labor & Public Employees

General Law - Substitute House Bill 5896. An Act Concerning Purchases of Precious Metals and Stones.

Referred to Judiciary

Human Services - Substitute House Bill 6127. An Act Concerning the Establishment of a Program of Services for Persons with

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PROCEEDINGS
1987

VOL. 30
PART 12
4112-4477

TUESDAY
May 26, 1987

71A
1c

4183

EFFECTIVENESS OF SPECIAL EDUCATION SERVICES.

House Passed with House "A", "B" & "C"

5/21/87

Appropriations

HB 6421 AN ACT CONCERNING CHANGES TO VOTER REGISTRY LISTS.

House Passed with House "B" 5/21/87

End Agenda #2

THE CHAIR:

Will the clerk proceed with the next item.

THE CLERK:

Returning to Calendar Page 5, Calendar No 717, File 931, 1088, SUBSTITUTE FOR HOUSE BILL NO. 5605, AN ACT CONCERNING USED CAR WARRANTIES AS AMENDED BY HOUSE AMENDMENT SCHEDULE "A". FAVORABLE REPORT OF THE COMMITTEE ON APPROPRIATIONS. The Clerk is in possession of an amendment.

THE CHAIR:

Senator Thomas Sullivan.

SENATOR SULLIVAN:

Mr. President, I move acceptance of the Joint Committee's favorable report and passage in concurrence with the House.

THE CHAIR:

Clerk, please call the amendment.

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71B 4184
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THE CLERK:

LCO No. 7929, designated Senate Amendment Schedule
"A" offered by Senator Smith of the 8th district and

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1c 4185

Senator Morano of the 31th district.

THE CHAIR:

Senator Smith.

SENATOR SMITH:

Mr. President, I would respectfully withdraw the amendment at this time.

THE CHAIR:

The amendment has been withdrawn. Further amendments.

THE CLERK:

No further amendments, Mr. President.

THE CHAIR:

Senator Thomas Sullivan.

SENATOR SULLIVAN:

Mr. President, this bill requires dealers to provide express warranties to consumers who purchase used cars costing \$3,000 or more. House Amendment "A" eliminates the provision in the original bill that allowed consumers to receive a refund or a replacement vehicle if the dealer could not repair warranty defects as the reporting requirements by the Department of Motor Vehicles and the Consumer Protection Agency. It allows "as is" sales on cars seven years or older.

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73 4186
1c

THE CHAIR:

Further remarks. Senator Morano.

SENATOR MORANO:

Mr. President, the legislature before us today has been a controversial issue for as many as eight or ten years as I can remember, and I understand now that opponents of the bill have agreed to agree. One of the things that I believe should be in the bill is that the private vendors of a car, 65% of the used car sales are made privately, and they are not liable for any sale, misrepresentation or otherwise. I only wish that we would have included this in the bill and I yield to Senator Smith.

THE CHAIR:

Senator Smith. Are you referring to the amendment that has been withdrawn?

SENATOR MORANO:

I'm talking about the bill, and I'm wondering if Senator Smith would like to comment on the amendment that we had prepared but withdrew.

THE CHAIR:

That's been withdrawn.

SENATOR MORANO:

Oh, thank you. Senator Smith do you want to end

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74 4187
lc

this little scenario?

THE CHAIR:

Senator Smith.

SENATOR SMITH:

Yes, and I'll end it by saying I think enough has been said about a bad bill, and I intend to vote against it.

THE CHAIR:

Further remarks on the bill. The clerk will make an announcement for immediate roll call.

THE CLERK:

Immediate roll has been ordered in the Senate. Will all Senators return to the chamber. Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

The question before the chamber is the motion to adopt Calender No. 717, SUBSTITUTE FOR HOUSE BILL No. 5605.

FILE NO. 931 and 1088.

The machine is open. Please record your vote.

Senator Avallone.

The machine is closed. Clerk please tally the vote.

Result of the vote:

29 Yea
6 Nay
The bill is adopted.

JOINT
STANDING
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MS. HESLIN: (continued)

of the Department of Consumer Protection. Good morning, Chairman Sullivan, Chairman Fox and the rest of the Committee. I'm here to speak on House Bill 5605, and in the text which has been distributed to you, there was a transposition of figures in the second line. It should be rather than House Bill 5065, it should be 5605, and I just recall that for correction on my official statement. I'm not going to read from the statement because you have the benefit of that to look at, but I simply want to point out that the reason why I feel that this bill is so important and the reason why I feel there should be favorable action upon this bill is based upon a few facts I should like to note.

First of all, even though, even though we are not the primary agency for used car problems in the State, nevertheless in terms of the percentages of the number of calls we receive in our education division with regard to used car problems is somewhere between 20-25%. So clearly nearly 11,000 complaints are called in to our education division. With regard to used cars most of them already out of warranty. It is a definite problem for the consumer with regard to the number of written complaints, those complaints are referred on to the Motor Vehicle Department and I'm sure that when testimony is heard from them they will be able to make reference to the number of consumer complaints that they receive with regard to that particular problem area.

Secondly, when one thinks of automobiles, whether they be new or used, they represent a large percentage of sometimes the biggest purchase, or the second or third biggest purchase a person is going to make in his or her lifetime. In addition to that, uh, there are certain expectations that a consumer has when he or she is buying a product and that is that you want to know as much information up front before you make that purchase, as much information as possible. We look to what the federal government has done with regard to the FTC used car bill that passed in 1985

MS. HESLIN: (continued)

and that has some serious shortcomings, even though it was a step heading toward what we had hoped would be a help to the consumer. I quote from a news release that the department issued May 9, 1985, a rather lengthy one, but it did indicate that there was a problem because of the FTC rule. It was not a unanimous vote. It was 3-1 with Patricia Bailey dissenting. Objecting to the lack of any requirements that used car inform buyers about major defects which they know about, Bailey stated as an FTC Commissioner. The FTC's rule making authority is a potentially powerful tool for promoting consumer welfare. But this rule without the known defects provision is little more than a consumer education campaign masquerading as a significant industry wide regulation.

So that is quoting from one of the FTC Commissioner's dissenting on the rule that was passed by the Federal Trade Commission last year. Connecticut's bill I think answers what the consumer needs. It discloses and makes the requirement of disclosure up front a necessity. It does have limitations as you know from the bill, 3000 or more will require a 30 day warrantee, full warrantee, 5,000 or more will require a 60 day full warrantee, it does allow the consumer to waive warrantee requirement in writing for a specific defect if he or she wishes. In other words if a dealer wants to give you a deal and says look for X amount, I will give you the car, however they have to be specific as to what that defect is all about.

The dealer is required to make full refund to the consumer if he's not able to repair conformed to the warrantee and it requires disclosure, and I think maybe that's the key to this bill. The disclosure requirement that is up front with regard to as is sales for instance. The disclosure must be written in bold type above the contract when being purchased. And it prohibits the dealer from making false or misleading statements regarding any

MS. HESLIN: (continued)

condition or the history of the vehicle, that is known to the dealer. The independent inspection, that's what we have been recommending to consumers in the absence of this kind of bill. Whenever we have had complaints to the problem we have indicated to people, be educated about it. Since the defects aren't being told to you up front, you'd better get yourself an individual inspector to find out exactly what the defects are all about.

And of course we have the 3 day sales contract consolation, providing that the vehicle is not moved (inaudible). Now I know that the argument will be raised as it has been in the past. Well, the largest percentage of used cars sold in this state are sold privately from person to person. That's true. However, as I pointed out in my testimony, there is a difference between, I'd like to make this analogy. If I go to a tag sale and I decide that I'm going to buy say a piece of jewelry, or I'm going to buy a chair from that sale, I'm buying it with certain known expectations or lack of them. However, when I buy a chair from Foxes or a piece of jewelry from Lux, Bond & Green, I expect different types of treatment, different types of expectation. So I use that as an analogy, and really we are talking apples and pears.

There is a different between a transaction between me and you and between me and the dealer. And at this point I would recommend, or I would ask that you look favorably upon this piece of legislation. It is as I indicated from the calls that we receive and we're not the primary agency. 20-25% of the calls of people in trouble in this state, and I think that it is long overdue. I don't think that the Federal Trade Commission has put into place for us a satisfactory piece of legislation as they might have. I wish they had. It should have been a national move, not certainly left up to the individual state. If that is the case, Connecticut's record as being up front and so progressive in terms of consumer pro-

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MS. HESLIN: (continued)

tection for the people of the state I really think we're moving in the right direction and we're long, long overdue.

REP. FOX: Thank you Commissioner. A question for you. You indicated that there were some 11,000 complaints received by your office. You're talking a calendar year?

MS. HESLIN: A calendar year. Where we received telephone calls, and it's estimated that approximately 11,000 of our 45,000 complaints which we, they're complaints, requests that we receive in our education division. That's not a complaint center I don't have the written complaints. They do not number as high as the oral requests.

REP. FOX: How do they happen to come into that particular section? What does that section oversee?

MS. HESLIN: Well, the education division of the department receives a large number of telephone calls yearly from people in the state on various number of subjects. 40% of the telephone calls that we receive in that division don't belong to the Department of Consumer Protection. We get calls for instance on banking, insurance and a number of other things beyond those things that are our primary responsibility.

REP. FOX: How much information do you get on those calls that come in? To what extent can you break this down to the types of problems whether the vehicle is from the dealer or the private owner? Do you have any information on that?

MS. HESLIN: The information that we do have is that most of those used car complaints which we receive on the telephone have gone beyond warranty period, or they're close, they just have been out of the warranty period a very short time. That is a very fast turn-over kind of service that we provide in that area.

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MS. HESLIN: (continued)

Sometimes we get, we're on the phone a little longer than we want, to be, and people downstate are waiting to get through that toll free number. So we try to expedite those calls, especially when we can move them onto somebody else for further information.

REP. FOX: Okay, questions, Frank.

REP. O'Neill: Uh, do you think that anybody knowingly would purchase a lemon from a dealer?

MS. HESLIN: I don't think that anyone would knowingly purchase a lemon from a dealer, but the records indicate that an awful lot of automobiles that have problems are being sold without the consumer knowing that there's a problem with that particular automobile. And prior to this kind of protection, that is one of my recommendations in this press relief of May 9, 1985 was to inform the consumer, make sure that you get an independent inspection before you buy it and don't buy it from anyone unless they allow you to have that independent inspection.

REP. O'Neill: You think that anyone knowingly would purchase a lemon from a private source?

MS. HESLIN: Not unless they're getting a great deal.

REP. O'NEILL: Well, getting a great deal, you think that they would purchase a lemon?

MS. HESLIN: I've seen people purchase products that had serious problems with them because they still felt they could fix it themselves or they could get a great deal etc.

REP. O'NEILL: If they weren't aware of it. Well, don't you think that certain aspects of this law should be applied so that individuals might want to purchase a car that's a lemon if it's by private sale.

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MS. HESLIN: I think there is that kind of allowance. They can waive the warrantee requirement in writing before ...

REP. O'NEILL: I'm talking about private sale now, I'm not talking ...

MS. HESLIN: This particular bill only refers to commercial..

REP. O'NEILL: This is my problem with this bill. Because I think that anyone who is going to purchase a car should have an expectation of safety and they should have an expectation of getting their money's worth even in a private deal. But this particular bill does not address that.

MS. HESLIN: Well, I uh, you're actually turning around what I had tried to explain earlier is that I feel...

REP. O'NEILL: I'm trying to understand what you are talking about...

MS. HESLIN: Well, there, we're talking about two separate kind of situations.

REP. O'NEILL: I know it.

MS. HESLIN: And the one that we're dealing with here specifically deals as you know with commercial transactions. But I would also like to point out that a consumer expectation in a commercial transaction is entirely different, and should be different in that of a private transaction.

REP. O'NEILL: Well, let me ask you this question. I asked you do you think that the expectations concerning safety and the expectations concerning money worth are the same in a private transaction or in the same as a commercial transaction?

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MS. HESLIN: That's up to the individual I think,
Representative.

REP. O'NEILL: You think that common logic would
dictate that?

MS. HESLIN: I think it's up to the individual..some
people ...

REP. O'NEILL: That wasn't my question I said do you
think that common logic would indicate that?

MS. HESLIN: Would indicate what, sir?

REP. O'NEILL: The same expectation of safety and the
same expectation of ...

MS. HESLIN: No not necessarily. I thought I had indicated
that when an individual purchases, I'm not saying
it shouldn't be, I'm saying it plain isn't, when a
person purchases something from a commercial esta-
blishment, the expectations from that commercial
establishment are higher than they are when you
become involved in a private sale. I'm not saying
that the question of safety will ever be different
from one to the other..

REP. O'NEILL: I'm agreeing with you...

MS. HESLIN: But I am saying that it is.

REP. O'NEILL: I disagree with you on that. I don't
think that anybody knowingly would purchase an unsafe
car.

MS. HESLIN: Well, I have purchased broken products that
were antique at a tag sale ...

REP. O'NEILL: The motor vehicle that you're driving
which could mean your life or the life of your
friends, children or somebody else. I think that
if we go forward with this particular bill, there
should be some stipulation concerning private sales.

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REP. O'NEILL: (continued)

Because I think if you're not than you're discriminating against the majority of used car sales in this state.

REP. FOX: I think Stan was ahead of you John.

REP. KRAWIEC: Do you find that most of our complaints are from dealers or private?

MS. HESLIN: The ones that we have had referred to us as far as I know have been from purchases made from dealers and uh, I think Representative, that perhaps when the Motor Vehicle Department has the opportunity to speak that they could be even more helpful on this matter.

REP. KRAWIEC: One more question. If you were out to purchase a car do you believe that the dealer should give you the name of the last owner of the car?

MS. HESLIN: I don't know whether that would violate some kind of ...I would love to have it and I know some dealers do it, but I'm not sure whether that would violate..

REP. KRAWIEC: Do you know if there's any law against it.

REP. FOX: John

REP. WOODCOCK: Good morning Mary. You've been ovrking on consumer protection problems for how long?

MS. HESLIN: 12 years.

REP. WOODCOCK: And following up on Representative O'Neill's line of questions concerning the same regulations applying to both commercial sales and private sales, in your opinion as one who has worked in this area for 12 years. If the state were to regulate private sales the same way it regulates commercial sales, would that create a chilling effect on individuals

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REP. WOODCOCK: (continued)

wanting to sell their vehicles?

MS. HESLIN: It could, it could possibly have that effect on them.

REP. WOODCOCK: And who would be the beneficiary of this type of chilling effect? I mean who would be the beneficiary?

MS. HESLIN: I don't think it would have any beneficiary if you were to ...

REP. WOODCOCK: But if we start a regulating private sales, wouldn't consumers be forced to sell their dealers at low prices because there was no other market?

MS. HESLIN: I would imagine that that could happen, yes.

REP. WOODCOCK: A stronger market position.

MS. HESLING: I think I also neglected to point out that I am also privy to a lot of national figures. Uh, the citation of problems which happen to be the most serious for other consumer offices throughout the country. And inevitably this whole problem of used cars comes up as one of the top 10 problems. It's unfortunate I say once again, that the Federal Trade Commission rule didn't address the rights, the basic rights which a consumer has which is to know what is wrong with that particular product before you buy it.

REP. WOODCOCK: Are a lot of other colleagues in other states considering this legislation?

MS. HESLIN: There has been legislation passed in a number of other states, none that I would consider to be, to give the complete answer.

REP. WOODCOCK: But there are certainly concerns and initiatives taking place.

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MS. HESLIN: There are some that currently have better bills than we currently have on our books here in Connecticut. This is one of our weak areas.

REP. FOX: Mary, are there any other jurisdictions that are similar to this proposed bill that you're aware of?

MS. HESLIN: I know that New York has one and probably Representative Woodcock can answer this. New York has one that is similar. Rhode Island recently passed one, but I know that that is not the total answer yet. Massachusetts has one on the books that's a little better than ours. Maryland has one on the books that's a little better than ours.

REP. FOX: Our you mean the new one.

MS. HESLIN: No, no, what we've got right now in existence.

: In terms of used car lemon laws, what other jurisdictions have used car lemon laws.

MS. HESLIN: What I'm talking about.

: We don't have one.

MS. HESLIN: But I'm saying whatever protections exist for us now, the other jurisdictions are far better than what Connecticut can offer right now under the FTC and under our (inaudible). I mean there's certain kinds of protections that we can offer under the Unfair Trading Practices Act. But they're extremely limited. When for instance you have false advertising relative car problem. We can take jurisdiction, but we fall far short of what other states have done in protecting the consumer in the used car market. And of course you've got the motor vehicle law that provides some protection in this direction.

REP. FOX: Frank, did you have a question?

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REP. O'NEILL: Would you say if a used car lemon law was applied to private sales it would increase the safety of the vehicles involved on our highways?

MS. HESLIN: I would have to answer that perhaps in the affirmative. I can only answer it from my vantage point. I personally as a consumer would never want to sell a product that had a defect and I honestly would not sell one to another person if I knew it had a defect, unless I notified the person.

REP. O'NEILL: All people do not have those ethics though unfortunately.

MS. HESLIN: And sometimes laws are necessary oftentimes to force people to do things that they wouldn't ordinarily and don't do out of their ethical concerns. And so I would have to answer that in the affirmative. But it would be speculative as I have answered Representative Woodcock from a speculative point of view with no facts or figures to support what I say.

REP. FOX: Any questions? Senator Upson

SEN. UPSON: Mary, if I may, under Section 9, a violation of any provisionous act (inaudible) Does that come under the Attorney General's office or is that your office.

MS. HESLIN: The Unfair Trade Practices Act is under the Department of Consumer Protection.

SEN. UPSON: But they also are involved some too?

MS. HESLIN: If we need someone to take a matter to court for us, or a violation of an administrative action that the department takes. We cannot go to court of ourselves, we'd have to ask the attorney general's office to pursue it for us.

SEN. UPSON: Mary, assume that this does get of committee. What would the fiscal note be?

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MS. HESLIN: I don't know if there is any fiscal note on this, I don't think there is.

SEN. UPSON: But there will be one necessary.

MS. HESLIN: Kathy, do you know of any fiscal note on this?

SEN. UPSON: Well, you're going to have to have a fiscal note. Correct, but you're going to have to have people to enforce this. Roughly do you have any idea, one person, two persons, three persons, are you going to need any additional staff?

MS. HESLIN: Has there been any discussion of this?

SEN. UPSON: I'm not trying to put words in your mouth. Do you need additional staff?

MS. HESLIN: I would say that the additional staff would probably have to go into the Motor Vehicles Department as well. I think that's the agency with the primary responsibility, and I would prefer to have them answer. As to what impact it would have on us, I don't think it would be major Senator in terms of ...

SEN. UPSON: The (inaudible) say that any violation of this provision show it would be an unfair trade practice. (inaudible sentence)

MS. HESLIN: You know, I mean, just throwing something out which I don't ordinarily like to do without having some kind of discussion on it, I would not anticipate more than one person involvement. And you're feeding into our system.

SEN. UPSON: And where would they probably be?

MS. HESLIN: Probably in the frauds division.

SEN. UPSON: Frauds Division, and then there would be some Motor Vehicle people ...

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MS. HESLIN: I would imagine that if you're really going to do a job with this that you're going to have to give the Motor Vehicle Department some assistance in this regards. That's where the primary responsibility is.

SEN. UPSON: It will be asked later on obviously what's if there's a fiscal note. Thank you.

MS. HESLIN: Uh huh.

REP. FOX: John, yeah Dick I don't think you have had a chance yet.

REP. TORPEY: Is there anything in this uh ...

MS. HESLIN: I would like to let you know Representative that I'm the only in this room who is celebrating St. Patrick's Day well in advance in honor of your ...

REP. TORPEY: Is there anything in this bill that says when a person trades a car in that he in turn has to tell the dealer what's wrong with that automobile.

MS. HESLIN: I don't believe so, I don't believe there's any such stipulation in this. Uh, and my only comment in that regard is that I think that the dealer is far better equipped on his end to note that there may be some significant problems within that automobile, whether they be known or unknown. I'm quite sure oftentimes when sales are made some of the problems are not known, honestly not known. Regardless whether it's a person to a dealer, a person to a person, or a dealer to a person. But I think the only thing that this bill strikes out saying, is that if you know there are problems, the consumer has a right to know what they are. We do in any other product that I can think of that we buy.

REP. TORPEY: I have no problem with the consumer knowing, but I'm just wondering on the other side...

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MS. HESLIN: I suppose you can't dictate ethics and morality and you can't legislate it...

REP. TORPEY: We're just doing it, that's what the bill is all about...

MS. HESLIN: You're asking me if the individual person selling it to a dealer should be required by law to do that. Well, I go back to, I'm not quite sure how you can legislate that. I really don't. I only hope that the person is being honest enough in his dealing as I would hope that the individual dealers are being honest in their dealings with the consumers. Yes, sometimes when people are in business we ask a little more of them than we ask of people to people or people to business. We do. I think our society asks a little more, because they are in the business of making money. And because of that we expect a little more of them I think.

REP. TORPEY: In my lifetime I've traded in a lot of cars, and I'm not about to start a true confession, but I am embarrassed. Thank you.

REP. FOX: Thank you. Any other questions? John.

REP. WOODCOCK: Commissioner, you indicated that New York, Massachusetts and Rhode Island have used car legislation to protect its consumers.

MS. HESLIN: Right. Rhode Island does this well, and there are a number of other states that do.

REP. WOODCOCK: Would that create a situation here in Connecticut where Connecticut consumers may want to go to our neighboring states to afford themselves of that protection?

MS. HESLIN: I don't have any figures saying that, but I would think, quite honestly, if the consumer is smart. What has happened with new cars, I know that many people have come to Connecticut and have crossed the line to buy new cars because of our new car lemon law.

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MS. HESLIN: (continued)

And I would imagine that if I were offered that kind of protection in another state with a used car, I would perhaps go to the other state so that I could get that kind of protection. It's conceivable that could happen.

REP. TORPEY: Thank you.

REP. FOX: Senator Upson.

SEN. UPSON: Mary, now when you say legislation, you're not talking about Unfair Practice Act, you're talking about legislation such as this. Because if I'm not mistaken, it was only New York State and one other that I know...

MS. HESLIN: Massachusetts

SEN. UPSON: No, I thought it was Minnesota, or no, it was New York and Wisconsin last year at this time if I'm not mistaken were the only two states that had passed legislation like this, and I believe Rhode Island was considering it. But you're not talking about the parts that we already have, and that's unfair trade practices. We already have that on the book. You're talking about something substantial.

MS. HESLIN: Exactly, exactly.

SEN. UPSON: Legislation dealing with used car warrantees.

REP. FOX: If there are no other question, Commissioner thank you.

MS. HESLIN: Thank you.

REP. FOX: The next speaker is Gordon Hall.

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CASS. 2

REP. FOX: The next speaker is Gordon Hall.

GORDON HALL: Good morning, Sen. Sullivan, Rep. Gox, members of the Committee. My name is Gordon Hall, and I'm legal counsel to Attorney General Joseph Lieberman.

I'm here on the Attorney General's behalf this morning to convey to you the Attorney General's testimony with regard to two bills that are before this Committee. I have provided some written comments to the first to be distributed to the members of the Committee. I'll follow this up with some more written comments this afternoon as I told her, but I would like to summarize the Attorney General's testimony for you briefly.

First, with regard to Committee Bill 5605, an act concerning used car warranties. As we all know, and as was clear from the previous discussion, the rights of buyers and the responsibilities of sellers that flow from our new car lemon law in Connecticut protect buyers of new cars from the evils of hidden defects. However, in the purchase of a used car, buyers still must rely on the good will and expertise of the dealer and on his own luck, in order to make sure that he gets what he thinks he's paying for.

This creates an imbalance, obviously, between purchaser and seller in the area of used car purchases. This bill recognizes this imbalance, and it contains several provisions which would begin to put the buyer and the seller on a more even footing with regard to used car transactions.

First of all, the bill contains a financial threshold, purchases over that threshold would be covered by the bill when they involve a dealer's sale. In addition, there is a refund mechanism where if defects in the automobile are not corrected after reasonable attempts have been made by the dealer, the purchaser would have an option to bring the car back.

In addition, as Commissioner Heslin pointed out, one of the very important provisions of the bill is to

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MR. HALL: (continued)

mandate very clear plain language disclosure of the implications of an as-is transaction. That would be a transaction on an automobile for a price below the threshold set in the act.

The Attorney General feels that the concepts contained in this bill represent a very important step forward for Connecticut, and we strongly urge members of this Committee to favorably consider the bill.

REP. FOX: Gordon, let me ask you a question on that. Are you aware of any actions now pending under the unfair trade practices legislation against used car dealers for situations which we would attempt to deal with in this bill?

MR. HALL: As I sit here, Rep. Fox, I'm not aware of any, although I can't believe that there aren't any such actions either in negotiation or actually in suit.

REP. FOX: Is there any reason why one could not pursue a used car dealer under the unfair trade practices act to the same extent that he could prosecute him or bring an action against him under this legislation?

MR. HALL: Well, I think that what's important to recognize is that this act does not just create new remedies for used car purchases, it also creates systems which protect the purchasers which are not in the nature of remedy. For example, as Commissioner Heslin pointed out, the multiple tier mandatory warranty situation, a certain kind of warranty for purchases over \$3000, a more extensive warranty, or longer warranty for purchases over \$5000, these are not the kinds of things that are contained specifically in CUTPA. That kind of warranty under the terms of this bill would only be waivable when the waiver is clear and in writing and signed by the parties. That is more, really, than we have right now.

I'd also point out that in addition to CUTPA right now, we also some (inaudible) dealing with commercial transactions. We have Connecticut's version of the Uniform Commercial Code. That also provides a number

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MR. HALL: (continued)

of remedies to purchasers of vehicles, or really anything else. However...

REP. FOX: To what extent are those statutes being used?

MR. HALL: Well, whenever somebody brings a contract action in a commercial setting, basically, they're availing themselves of provisions of the Uniform Commercial Code.

REP. FOX: Your office would not specifically get involved in that type of litigation?

MR. HALL: Those are private remedies that everyone has, yeah. I think though that the point, really, of the used car bill is to not only provide remedies, but also provide specific systems which are geared towards the specific problem that we are dealing with here.

We have one person, one party, who is a relative expert and knows what he's dealing with, or ought to know what he's dealing with, that is, the dealer. And then we have someone who is forced to really rely on that expertise, the expertise of someone who is licensed by the state to sell used cars, and this person, the purchaser, is really at the mercy of the dealer. And this bill recognizes that specific relationship, among other commercial relationships.

REP. FOX: Does the Attorney General have a position with respect to whether or not this legislation ought to apply to private sales?

MR. HALL: The Attorney General does not have a position on that, or at least, I don't have one from him today, but I would make some observations, if you'd like, Rep. Fox.

REP. FOX: Sure, by all means.

MR. HALL: I think, as Commissioner Heslin pointed out, the nature of the type of transaction as between a

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MR. HALL: (continued)

dealer-purchaser transaction and a private, wholly private transaction is just essentially different. Again, dealers are licensed by the state. They are in the business and make their living by selling automobiles. Therefore, it is more likely, in my mind, anyway, for them to have a reason, perhaps, if not regulated, to allow defects to go undisclosed.

Furthermore, they are more likely to be in a position to discover these defects. Private parties, in dealing among themselves, really do not have the expertise to discover the kinds of defects that this bill would treat, or some of the kinds of defects this bill would treat.

In addition, I think that the point was raised before, well, what would happen if we took the terms of this bill and applied them to private purchases. Would that make the highway safer?

I also think, (inaudible) the purchasers would not sell their cars privately, because the warranties that are involved here and the refund procedures might be something that would be at least financially disruptive to a private seller and would really discourage private sales.

REP. FOX: There are a number of federal statutes which are applicable to the sale of a new sale. I believe the Magnuson-Ross Act for one would be applicable. Is that legislation applicable to used cars?

MR. HALL: I believe that what we're dealing with there again are warranties on new products.

REP. FOX: Okay, sir, all right.

MR. HALL: This bill does treat an area which is untreated at the present time.

REP. FOX: And untreated at the federal level also. There is no federal statute which would deal with this type of problem?

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MR. HALL: To my knowledge, there is not a federal statute that would convey the rights to purchasers and the responsibilities upon dealers that this bill would.

REP. FOX: Okay.

MR. HALL: This is not a superfluous piece of legislation.

REP. FOX: Let ask you this. There's been some discussion with respect to Section 9 of the bill, which says that a violation of any provision of this act shall be deemed an unfair deceptive trade practice. How essential to you consider that paragraph to this legislation?

MR. HALL: Well, how essential, that's a very relative question.

REP. FOX: Well, let's say it was taken out.

MR. HALL: Well, I think it's important to this legislation, because what it does, Rep. Fox, is that the Connecticut Unfair Trade Practices Act is phrased in very general terms. It is defined over time by case law. Over time, specific instances of conduct are found to be within the purview of CUTPA, and found to be violations of CUTPA.

By including Section 9 in this bill, we have per se violations of the Unfair Trade Practices Act, lack letter law, governing these particular kinds of transactions and this particular conduct. You don't have to wait for the judiciary, for example, to determine that particular acts and practices of dealers, used car dealers, would give rise to the kinds of remedies that are included in this act, if a purchaser chose to proceed under CUTPA as opposed to under this act, were it to become law.

I think that that's a big difference.

REP. FOX: I didn't know whether you were through or to add anything else, I didn't mean to interrupt you.

MR. HALL: You know, I saw Sen. Upson's hand go up.

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REP. FOX: You may want to buy a coffee, Senator.

SEN. UPSON: No, only the Attorney General. Two of two. Specifically, and I'm talking about the used car warranty law, correct? There's some question here, it says the consumer may waive any warranty required pursuant to this section, blah blah blah, if it's in writing, identifies the defects, states what warranty fee shall apply to such defects. I have problems with that. Suppose the tires are bald, or something like that, what warranty would be. If I as a dealer and the consumer agrees to waive that, what would I, how would that?

MR. HALL: Well, if you agreed to waive it, you would...

SEN. UPSON: What warranty is that?

MR. HALL: I'm sorry. This is a procedure for waiving warranties that are contained in the act. The warranty's always to a mechanical operation and...

SEN. UPSON: Okay, forget the tires. Explain, how specific, what warranty has to be mentioned, that's what I wanted, isn't that a very technical phrase?

MR. HALL: Well, no, I think that subsection 3, what has to be stated there, it's not the warranty that you're waiving, but the warranty that has remained, you may be negotiating, you as the dealer.

SEN. UPSON: Mention something, the transmission doesn't work. Just something.

MR. HALL: Well, that's in subsection 2. You're identifying a particular dealer.

SEN. UPSON: Correct, but what warranty would you use? What warranty would be waived?

MR. HALL: The warranties provided under...

SEN. UPSON: I know, I'm asking you. How would that have to be written? What would be written?

MR. HALL: I think that's what you could say, the

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MR. HALL: (continued)

warranties provided under the...

SEN. UPSON: Well, it says specific here, it says state what warranties shall apply to such defects.

MR. HALL: Shall apply. That's what I'm trying to say. what that does, is that gives flexibility for the dealer and the purchaser to work out a middle ground. The purchaser doesn't want to completely waive the warranty, and the dealer is willing to give some kind of warranty on, say the tires, and under that, that's an area the dealer could say. I'll warrant the tires against blowouts for 10,000 miles, and then that's what the consumer has. He's negotiating.

SEN. UPSON: I know, but so the word, I think warranty is a very technical thing.

MR. HALL: Well, I think as used here, it's generic. It seems to me to be.

SEN. UPSON: I don't know, I'm asking you.

MR. HALL: It appears by its language.

SEN. UPSON: Fine, I realize your office didn't draft it. I'm just curious how that would be done.

MR. HALL: I think what you have to recognize again is that is an opportunity for the parties to put some flexibility into the warranty waiver process. It doesn't require, in other words, that a warranty either must be fully enforced or fully waived. The parties can agree that some middle position would be acceptable to both, but that middle position must be in writing. What are you warranting and...

SEN. UPSON: I think what I'm looking at more the (inaudible) and it should be warranty of mechanical operation, I don't know, maybe I'm overdoing it.

MR. HALL: That's more generic, and then you do have the baggage of the rest of the statute.

SEN. UPSON: Maybe later on Rep. Woodcock can explain what he meant by that.

MR. HALL: It occurred to me that there is one brief observation about the wording of the bill that I wanted to point out. In line 164, the verbiage is that an agreement entered into by a consumer for the purchase of a used motor vehicle which waives, limits or disclaims the rights set forth in this act shall be void. Now that language follows other language, and it does fit into the statute.

What I wanted to draw your attention to is the use of the word void. What we're talking about here in the purchase of a motor vehicle is the title transaction.

SEN. UPSON: What does do with the point that I just pointed out to you? Doesn't that vitiate what I just pointed out?

MR. HALL: Well, no, I think that...

SEN. UPSON: In other words, line 72, doesn't that fly in the face of 154?

MR. HALL: Well, no, it doesn't, because this, plus I misread it, which waives, limits or disclaims the rights set forth in this act. Among those rights is the right to waive a warranty.

In other words, if you have waived your warranty, the dealer's going to say, a middle-ground waiver, the kind we were talking about, the dealer is going to be held to the terms of that middle-ground waiver. If there is a residual warranty, that warranty will be a right that the consumer has to enforce, and any other agreements (inaudible) in their relation of that right would void the transaction.

But what I want to point out to you, in voiding the transaction, you could have a situation, really, where the guy is driving around in an automobile that he thinks he owns, when in fact, by operation of law, he doesn't, because the transaction is void because something went wrong in the negotiations between the parties.

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MR. HALL: (continued)

I think what you might want to add, voidable at the option of the purchaser, for example. This would also be I think important for financing institutions who think that they have a purchased money interest in a vehicle, a used vehicle, and if in fact the title hasn't passed, they may not. That's just an observation.

REP. FOX: One other question. As you know, there is presently pending before the Connecticut Supreme Court an appeal relating to our lemon law for new cars. One of the issues that is before the Supreme Court as I understand it relates to the arbitration process and whether or not the enforcement of the provision constitutes one's right to a jury trial. I believe that is one of a number of questions.

But it's been suggested to me by some and questioned by others as to whether or not in light of that pending appeal, we ought to wait and see what the Supreme Court does with that before taking any further action on any modifications to the lemon law or any related legislation such as this. Do you have an opinion on that or does the Attorney General's Office have an opinion on that?

MR. HALL: Well, again, I can't say that the Attorney general specifically has an opinion on that subject, but I would point out that I don't believe that the used car law that we're discussing here contains the arbitration panel provisions that they're discussing in the new car lemon law.

REP. FOX: But you're also testifying with respect to, I guess it's 5510, which is the dispute resolution. Let me ask you that in connection with your testimony on that bill.

MR. HALL: I think that, obviously, what the Connecticut Supreme Court does with that case may have an effect on the law. However, the provisions that are contained in 5510, which is the new car amendment, would not necessarily be discouraged by, I mean, obviously if the arbitration program is wiped out

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MR. HALL: (continued)

as a violation of due process and the right to jury trial, well, that will modify the lemon law somewhat.

But I think that the proposed amendments don't really address that particular aspect of the matter, although they do treat the arbitration panels in some specifics.

REP. FOX: Rep. Zajac has a question.

REP. ZAJAC: Yes, I have a question. Sen. Upson's question prompted something in my mind with his examples, when about the used tires and your answers to that. I take it from what I heard in that discussion that each used car sale would have its own specific tailored warranties as negotiated between the seller and the purchaser. In other words, you would in effect have a warranty that would differ on each sale. Is that what you meant?

MR. HALL: Well, that is a situation that is possible under this legislation. The normal situation would be that if there is no agreement to the contrary, there would be one kind of warranty for the used car which is the statutory warranty contained in this legislation. If, the modification of that warranty could only come up where the consumer decided that he wanted to waive his rights under the statute as a matter of negotiation, perhaps to get a better price, and was willing to give up some rights that the statute gives him.

Then you have the consumer negotiating, really, the specifics of his warranty. That is some flexibility that I think is important to have in this legislation. otherwise, you're making it impossible, really, to transfer a lot of different types, that is, Rep. O'Neill when he was here, indicated or asked questions about whether someone would be willing to buy a lemon. That question mutated into whether someone would be willing to buy a car that is on faith. Well, perhaps no to the on faith car, but it is conceivable that someone would be willing to pay less for a lemon, where the lights don't work in the rain, for example, only he knows that and he doesn't drive it in the rain.

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MR. HALL: (continued)

I mean, people have individual needs and are willing to negotiate and make sacrifices to achieve those needs, and I think that this provision just allows that to happen, that's all. It's a realistic...

REP. ZAJAC: But I see that it could be pretty chaotic out there, and I wonder in a year or two or three, should this pass, I could see the confusion that consumers would have as they started to talk to each other and say, yeah, I bought a used car and I got this kind of a warranty, and they'll go, you did? Oh gee, I only got so and so, and that was a mistake because I traded off this for that. Even if they know that they can negotiate something, you're going to a lot, let's face it, the real world. The real world, let's face it, they're going to go to a used car dealer, see the price, and probably think that if they read something in the paper about the state passes a used car warranty, that they automatically have assumed some kind of warranty, and they pose a question over the transmission, etc., and they're not really going to have that flexibility in the beginning, but if they do, everybody's going to have their own kind of a warranty out there. And the complaints then coming into the Consumer Dept., thinking that they had something that they in fact did not is going to be worse than what we got now.

NR, HALL: Well, now you see, that's the specific purpose of this provision, because the only deviation from the statutory warranty, which covers again, mechanical operability and soundness, very broad, the only deviation from that would be where the consumer had specifically said, I'm waiving this part of it, I'm waiving this part of it, has written it out and signed it.

So I don't really see, Rep. Zajac, that the consumer should be confused about that really. And again, when you compare it to the situation we have now where in fact, to a great extent, anyway, used car warranties are negotiable, in effect doesn't really happen. Car's got a window sticker on it that says what the dealer is willing to offer. Well, by

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MR. HALL: (continued)

statute, the dealer is offering, under this proposal, is offering the statutory warranty.

REP. FOX: Sen. I'd just want to try to wrap up your testimony because I'd like to get to the Motor Vehicle Dept. before our first hour's up. Go ahead, Sen. Upson has a question.

SEN. UPSON: Actually, there's only one warranty here, isn't there, and that is the express warranty that includes everything. Right? If I read...

MR. HALL: I believe that's accurate.

SEN. UPSON: All right, so, see, I was getting into, maybe, since we're lawyers, different types of warranties. Express warranty, everything mechanically operation (inaudible), So if you come to line 72, state what warranty if anything shall apply to the defect, there's only one warranty.

MR. HALL: Well, no, you see, what's happened here in subsection d is we've waived that blanket warranty with respect to any particular defect. And then subsection 3 allows you to come back and say, I'm waiving it but I want to keep part of it. So that you don't have to waive the whole thing.

SEN. UPSON: I agree. What warranty. There's one warranty, an express warranty for everything, A to Z on the car.

MR. HALL: Statutory warrant is...

SEN. UPSON: A to Z.

MR. HALL: A to Z.

SEN. UPSON: Nothing is not a part of having a safety or any of this.

MR. HALL: And there's another one that's a part of the waiver...

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SEN. UPSON: What part of the vehicle are you going to waive if you want.

MR. HALL: Well, also, I think, (inaudible) a warranty that's negotiable between the parties. Warranty does have a generic sense.

SEN. UPSON: Well there isn't anything here negotiable. This is going to say that you have to do, you get a warranty for everything. What's to negotiate?

MR. HALL: What you've got to waive.

SEN. UPSON: I know, but what, there's no negotiable...

MR. HALL: The warranty is the right of the consumer, and this provision gives him the ability to negotiate that right or parts of that right.

SEN. UPSON: But why would a consumer want to negotiate a warranty that we're giving him by law?

MR. HALL: Because he may want to pay less for the car? May get a good deal, so he'll want to waive part of the warranty.

SEN. UPSON: All right, and then if that's true...

MR. HALL: He may want to buy a car very badly that doesn't rise to the warranty.

SEN. UPSON: So he's very specific, he has to say, it has to be in writing and identify the defects.

MR. HALL: Yes.

SEN. UPSON: And it states what, here's my problem, it states what warranty if any shall apply to the defect.

MR. HALL: Right.

SEN. UPSON: What does that? Got to do a mention for that. All I mentions on line 3, that's my problem.

MR. HALL: Okay, you found the defect, you say to the

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MR. HALL: (continued)

dealer, you don't have to give me the statutory warranty on that defect, I know it's there, I'm willing to waive my statutory warranty.

SEN. UPSON: (inaudible) how to do it.

MR. HALL: But I do insist, I write that defect not render the car inoperable for 10 days.

SEN. UPSON: So it's a warranty for 10 days, is that what you're getting at?

MR. HALL: In that case, it was. It's negotiable, it's what the consumer is willing to...

SEN. UPSON: Okay, and then line 154. Any agreement entered into by a consumer for the purchase of a used motor vehicle which waives, limits or disclaims the rights set forth in this act shall be void.

MR. HALL: Right.

SEN. UPSON: So how?

MR. HALL: Because you have the right under this act to waive part of the warranty so that that would not be a void transaction under, what is it, section 4e.

SEN. UPSON: You can't waive it here.

MR. HALL: You cannot waive a right set forth in the act.

SEN. UPSON: Correct.

MR. HALL: The only thing you can't waive a warranty, Senator. The act itself provides that you can waive a warranty, that's one of the rights that you can't waive under act, the right to waive a warranty. Sounds confusing, but it's really not.

SEN. UPSON: Maybe I'm the only one that's confused.

REP. FOX: Maybe we can have some further discussion on that after this hearing, okay?

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MR. HALL: At your pleasure.

REP. FOX: If you can proceed quickly, the other testify, so that we can get to the Motor Vehicle Dept.

MR. HALL: Very briefly, the Attorney General had also wanted to express his support for House Bill 5510, an act concerning new car warranties and dispute resolution procedures.

In the first years of experience of operation of the lemon law with the state arbitration process, several more or less technical problems have come to light. This bill as drafted would address those problems. These fall basically into three main areas.

One is whether or not the arbitration panels are state agencies or Administrative Procedures Act. This bill would clarify that they in fact are not state agencies and do not fall under the Administrative Procedures Act. This is important because if they were to fall under that act, then from the final decision of an arbitration panel, there would be administrative appeals required under the act.

That's why it's in the face of the original purpose of this legislation, which was to give consumers a speedy and effective and efficient remedy. The (inaudible) it handles is that they are manned by voluntary lay people, it can't make regulations, the state is not a party in the matters in which they make decisions, they are in no way like a state agency except they're created by statute.

We feel that they're not state agencies, but this provision would make it clear. Another that this legislation would do was to clarify that a transferee of a car under warranty could bring a grievance and appear before an arbitration panel, just like the original purchaser of that car could, as long as the car is still under its original warranty.

It also standardizes and modernizes language which is currently in our lemon law.

Finally, the panels under this proposal would be able

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MR. HALL: (continued)

to decide for themselves whether they have jurisdiction over a given matter. If they decide that they don't, they could refund the filing fee. This would avoid a lot of wasted time, frankly, on the part of the panels and the grievants and the respondents.

The Attorney General had originally submitted a proposal very similar to this. This proposal really does embody all of the provisions that we were concerned about, and we would support it.

I also understand that the Dept. of Consumer Protection is going to present a number of amendments, suggested amendments to this particular bill. These were drafted in consultation with our office, and we would strongly support the adoption of these amendments also. They would further clarify and strengthen the lemon law in four main areas.

Basically, they'd make it easier for the panels and the Dept. to deal with the volume of complaints. They would make awards more meaningful and increase the penalties for failure to comply with the terms of award. They would also enhance the ability of the Attorney General to effectively oversee and evaluate the manufacturer-run arbitration programs. It would also make it easier for the Dept. of Motor Vehicles and consumers to determine when a lemon vehicle has been returned for a refund.

The Attorney General fully supports the bill as written and the amendments to be put in by Consumer Protection.

REP. FOX: Thank you. Next speaker, I'm sorry, John, you have a question?

REP. WOODCOCK: I'm interested in the suggestion that we delete the repair remedy, the repair option. That's a significant deviation from our present approach to handling these cases. What is the justification for making that recommendation?

MR. HALL: Well, apparently, experience has shown that the availability of that remedy sets off a procedure

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MR. HALL: (continued)

where consumers are forced to continually bring the car back to, bring the cars in for repairs, which do really effectively give them a remedy. That is, the repairs are not made effectively or they are not made. I think the theory behind that is to tighten up the remedy section in the statute and to do away with what is apparently considered something of a marginal remedy in favor of the other remedies that (inaudible).

REP. WOODCOCK: Do you have any information as to what percent of the cases are following into the repair remedy?

MR. HALL: No sir, I don't, but I can try to get that information.

REP. WOODCOCK: I'd appreciate it if you would.

REP. FOX: Okay, thank you. The next speaker is Peter Rosso. Peter, we're not quite over our first hour. We'd like to spend some time with you, but if you can move it along.

CASS. 3 PETER ROSSO: With me...for the record, my name is Peter Rosso, from the Dept. of Motor Vehicles. With me is my successor, the Deputy Commissioner of Motor Vehicles, from Waterbury.

I'm here and I'm going to paraphrase, but I have to say because I feel more will be brought to light in question and answer, so I'll just say that I'm here to speak in favor of Committee Bill 5605. Clearly this bill would afford relief to those who have purchased used cars and experienced problems with them but were unable to receive satisfaction because of the current statute.

Last year the Consumer Complaint Unit of the Dealers and Repairs Division investigated almost 8,000 complaints against dealers and repairers. The figures for January projected for the rest of the year indicate an increase of about 25%, or roughly 10,000 complaints will be filed. Currently, we are powerless to investigate 50% of all used car complaints because once the

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MR. ROSSO: (continued)

warranty, usually 30 days, or if no warranty was given, our ability to intervene in favor of the consumer is compromised.

With the passage of House Bill 5605, we will have the necessary statutory authority to protect the interest of the consumer.

However, unless we would receive two additional inspectors and one clerical examiner to enforce the provisions of this legislation, not would enforcement of this concept be impossible, but the burden of the additional workload would cause delays and destroy any progress made in the reduction of backlog cases we are currently experiencing.

REP. FOX: Peter, how much money are we talking about?

MR. ROSSO: \$92,000. As always, we want to protect the consumer, but we want to do it properly. I would therefore respectfully request that a new section, section 10 be added to appropriate \$92,000 to the Dept. of Motor Vehicles for the implementation of this legislation.

I have a copy here, Rep. Fox, and Senator, I will leave with you, and I think at this point I'll just answer any questions that you may have.

REP. FOX: Peter, you mentioned early on that there was some, I think you said 8,000 complaints to your Dept. That's 8,000 complaints regarding the sale of used cars?

MR. ROSSO: No, that's total complaints.

REP. FOX: Total complaints involving what? Any particular department?

MR. ROSSO: This is the Dealers and Repairers Consumer Unit, that involves repair, sale of cars, almost anything.

REP. FOX: So it would apply to a problem with a used

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REP. FOX: (continued)

car, it would apply to the repair of a motor vehicle by a gas station?

MR. ROSSO: Right, or even the sale of a new car in some instances. Odometers, the total gamut.

REP. FOX: Do you have any idea of those roughly 8,000, how many are applicable to the sale of used cars?

MR. ROSSO: About, just under 2,000. About 25%.

REP. FOX: You're expecting that to go up this year by another 25%?

MR. ROSSO: We're expecting, yes, up to 10,000, which would make it roughly 25, 2600 would be used car complaints.

REP. FOX: Peter, in a prior bill, dealing with prices charged by repairers, which you testified on, for two investigators there, I believe you had given us a figure somewhere in the area of \$60,000 roughly if my recollection serves me.

MR. ROSSO: Right.

REP. FOX: So what you're saying is that for 2 investigators and a cler, it would be 92?

MR. ROSSO: Yeah, what I didn't have the last time I was here was, our new Commissioner requires that I also provide you with support costs, such as the car for the inspectors, uniforms, etc.

REP. FOX: Okay. Other questions? John?

REP. WOODCOCK: Those complaints that the Dept. receives, those are formal, written complaints, correct?

MR. ROSSO: Yes, and by a new regulation, all complaints have to be in writing.

REP. WOODCOCK: So it didn't take into account complaints you receive over the telephone?

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MR. ROSSO: No, it doesn't.

REP. KRAWIEC: Yeah, Pete. When you mentioned \$92,000, now that \$92,000, that would take in both bills. In other words, the used car bill and the other one.

MR. ROSSO: Simply the used car. Nothing more.

REP. KRAWIEC: Strictly for the used car lemon law? And that would be another additional \$50 or \$60,000 for the other bill that we brought over last week?

MR. ROSSO: Yes. What I didn't mention last time is the number one complaint we have is on repairs, which that bill addresses.

REP. FOX: Sen. Upson.

SEN. UPSON: Your existing 8,000 complaints. 2,000 have to do with used cars, right?

MR. ROSSO: Yes.

SEN. UPSON: Does this apply to private sales?

MR. ROSSO: We don't regulate private sales, Senator.

SEN. UPSON: So if I bought some one from, car from Dr. Dave, and had a complaint, there's no way I could come to Motor Vehicle and ask you to (inaudible) Dr. Dave.

MR. ROSSO: I can't imagine you being fleeced by Dr. Dave, No, we do not regulate private sales.

SEN. UPSON: I mean, could you or you can't. That's what I want to know.

MR. ROSSO: We cannot.

SEN. UPSON: All right. Thank you.

REP. FOX: Other questions. John?

REP. ZAJAC: Yes, Rep. Zajac. Peter, of the 2,000 complaints,

REP. ZAJAC: (continued)

what percentage of those have been resolved satisfactorily by your Dept. You once came up here and testified, you said, you know, in the Dept., you lean on them and that sort of thing.

MR. ROSSO: Of the 2,000 complaints, we only have authority to provide remedy on 50% or 1000 of them.

REP. FOX: Peter, how do you arrive at a need for two inspectors. I mean, what statistics, what numbers do you use? Are using the 2,000 or 2500 complaints? That's how you get to that? Who says 2 as opposed to 3 or 5?

MR. ROSSO: 2 is the minimum, Rep. Fox. What I've done is I projected the total cases this year of 10,000. 25% of those would be 2500. Also, the case load now for each inspector is roughly 8 or 900 per inspector per year.

What we're also going to anticipate is problems on that one section which says, within 3 days you return the vehicle, you can cancel the sale. We have cases now that we have no jurisdiction over because people leave a deposit, and it says deposit not refundable, and we just have no jurisdiction over those cases, so those cases never get on the computer.

It will be an added increase in those types of cases, also.

REP. FOX: Other questions. Rep. Torpey.

REP. TORPEY: I should have asked this of that young lad that was here from the Attorney General's Office, but waiving your rights to part of the warranty, whatever they see fit. If that were removed from the bill? How would you feel about that? That seems to me to be just a nightmare, undoing everything we're doing and allowing, we're trying to protect them and he's able to get out from under, and perhaps something very important to the car, waive that right and walk out. Then I can see it becomes a question

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REP. TORPEY: (continued)

of who said what in the deal, and they both have to get lawyers to write up this exception. If that were removed from the bill so you have a warranty and everybody lives by the same warranty, wouldn't that make life easier? Maybe only have one fellow?

MR. ROSSO: Well, I...

REP. TORPEY: You don't want to give away that extra.

MR. ROSSO: Well, no, it's not that, it's just that, I don't think as a practical matter, that'll solve the problem we have. By waiving the warranty...

REP. TORPEY: Well, I mean, don't allow them to waive, to change the warranty at all. Everybody has the same warranty.

MR. ROSSO: I think there would be a drastic increase in the price of used cars, as a practical matter.

REP. TORPEY: Well, then using that same logic, if you're going to see an increase in the price, and I can see all this is going to be waived, in order to get a lower price, we haven't accomplished a darn thing.

MR. ROSSO: I think in certain instances, and I'm not a lawyer, Rep. Torpey...

REP. TORPEY: Thank God for that.

(laughter)

I apologize to the lawyers, one just brought me a cup of coffee.

MR. ROSSO: But right now, Rep. Torpey, there are modified warranties out there that we do investigate.

REP. TORPEY: Thank you.

REP. FOX: Any other questions. Peter, thank you.

MR. ROSSO: Thank you.

REP. FOX: We will now go into the public section. of our hearing. The first bill on our agenda which we had made earlier is Senate Bill 623. There does not appear anyone has signed up to speak on that. That would move us on to the next bill, which is 5510, an act concerning new car warranties and dispute resolution procedures. The first speaker is Anthony Amato.

ANTHONY AMATO: Good morning, Rep. Fox, Sen. Sullivan, Rep. Woodcock. I just thought I'd come here today to show you what the fruits of your labors to pass the lemon law bill, excuse me, I'm a little nervous.

I've been in litigation for 2 years now with General Motors Corporation, and under the lemon law, over \$11,000 in expenses, the maximum I can receive is \$4900. This key point concerns my case has been the interest charge, where the lemon law says that you cannot get all of your interest, you can only get per diem of the interest back from when the car was reported defective.

The other thing is the mileage. It basically states, that in the lemon law, the mileage is calculated with the entire number of miles on the vehicle, divided by, multiplied times something. You're assuming in that, every mile that the car was driven is a good mile. My car went through 8 transmissions and clutches galore, and was a 1983 Firebird. I couldn't get one mile of good driving out of that vehicle, but I had to, it was the only car I owned.

So when you say in your law that, you know, you get the sale price of the car back, you get a portion of your interest, you get a portion of your taxes, you get a portion of this, a portion of that, and then you have to pay, in my case, \$3800 just for the mileage on the vehicle, all you're doing is awarding the manufacturer of the automobile and you're not doing anything for the consumer. Been 2 years now with them, and the most I can possibly get as the law is written is \$4900. The law addresses the problem of owning a defective vehicle, but I think we can make it a lot simpler if you just said, you buy a car, and I think mine was substantially defective, I even have letters from General Motors saying that there's a recall on

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MR. AMATO: (continued)

this model, year, and everything else, that would just say, you get your money back, cut and dried. There's no reason why I should have to pay them mileage, why I should have to pay interest for a loan when I don't have the use of that loan, nor do I have the full proper use of that vehicle.

REP. FOX: Question. That litigation is still pending?

MR. AMATO: It's in, now, for amendment, yes.

REP. FOX: Okay. At the time that you started your lawsuit, did you have an option of going into arbitration?

MR. AMATO: I went through the arbitration process.

REP. FOX: Okay, explain to us your experience with respect to the arbitration process.

MR. AMATO: The arbitration process began in October of 1984. I met with my attorney prior to going into arbitration, and I basically stated to him the problems I was having with the vehicle. He suggested before he takes the case that what he would prefer me to do was to go to the Better Business Bureau.

I went to to the Better Business Bureau, filed a complaint. I told them at the time, the gentlemen who hears the case, that I just wanted my money back. I don't want to deal with them any more, I don't want to deal with the manufacturer, the service reps or anybody, I just need my money back at this point. And they said no, they said they can fix this problem.

That was in October. They gave me until January 3rd of the following year to get back to them and let me know whether or not General Motors had fixed the car. General Motors never called me after the hearing, and then I continued to contact the Tarrytown, New York office, which I also can't recover for long distance phone calls under the lemon law, and I called and called, and nobody ever called me. And it

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MR. AMATO: (continued)

took me until December, the week before Christmas. They took my car and they, quote unquote, repaired it, and returned it to me. I had 5 days to even drive it before I could get back to Motor Vehicles.

After I got it back, in late January, the transmission went again. So I went back to Motor Vehicles, Better Business Bureau, rather, I'm sorry, arbitrators, and they said I can't reopen the case. They said it's closed, you had until January 3rd. So you know, it's January 15th or whatever. They got the car in late December. The whole process was ridiculous. It didn't serve any purpose whatsoever.

So I gave it back. I went to my attorney and I said, what do I do now, and he said, bring it back and let them fix it, see if they can do it right this time. Fine. I bring it back again, they put a new clutch, a whole new drive train. This is what they said they did.

I get it back, I had it till the end of February, and it broke again. At that point, I brought it into my brother's garage, and he put it up on a lift, he said they never even took the transmission out, because the undercoating, the rust-proofing was still fresh on every bolt on the car. Okay?

So I said, that's it, I went back to the attorney, said it's garbage, get rid of it, and filed suit, and now all that, we got rid of the car. They said they did an inspection on the car and repaired it and all sorts of things, it was fine and could be driven.

You know, I have no idea. It just led me for two years. I spent \$6600 in car payments in two years to own that vehicle. That's just the interest and the principal on the car. Doesn't include \$1200 a year insurance, doesn't include maintenance, property tax is \$600 a year, doesn't include anything. \$6600 in principal. I said to General Motors, give me back my \$6600, take the damn car, I don't want anything to do with it. I can only get \$4900 back. I can't

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MR. AMATO: (continued)

even get 6600 the way the law is written. There is a section in the law that says, and it has, I can't remember the number, but it has to do with the interest that the interest is based on per diem basis. That is not the case. I'm paying interest to have mine for four years. And they charge you all the interest up front. All your loans are designed, the bulk of your first payments is 80% interest. And why do they get to have all the money when I don't get to use the money for four years. It just doesn't make sense. There is a case just, I heard last week down in New Haven, but it was through the better business bureau that the person was awarded all of their interest. Under the office of the Better Business Bureau Arbitration you can get all of your interest back, but under mine I can't. The mileage is the thing I believe you should take right out. It has nothing to do with, if you put 33,000 miles on a car and it is the only vehicle you own, and you are trying every month I was in the shop, literally every month from 300 miles we noticed the problem. I brought it to the dealer at 300 miles and you lost let say from the first time it is reported as a defect. But then it goes on to say and/or any further, and then you just take the total miles and divide it by 100,000 or whatever mileage that doesn't come into play here. The aggravation of dealing with a piece of junk. You get no satisfaction what-so-ever.

I'm losing, my attorney gets more money than I do. General Motors is making money on the deal because they can resell the vehicle, I can't. And I get stuck losing about 5,000 dollars just for buying a defective car.

REP. FOX: Any questions, John.

REP. WOODCOCK: Mr. Amato, what year did you say your car was?

MR. AMATO: It was a 1983 Pontiac Firebird.

REP. WOODCOCK: So you were not eligible to go through the State of Connecticut Arbitration Program run by the

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REP. WOODCOCK: (continued)

Department of Consumer Protection?

MR. AMATO: I'm not sure I'm familiar with that one.

REP. WOODCOCK: Okay, there is a State Arbitration Program that went into affect on October 1 of 1984, and it concerned all new cars purchased on or after 1, 84. You went General Motors own private arbitration program, run by the Better Business Bureau. You were not aware of the fact that General Motors paid for the Better Business Program were you?

MR. AMATO: No I didn't.

REP. WOODCOCK: Well as a matter of record that program run by the Better Business Bureau, is paid for by General Motors, maybe that explains some of the unpleasant experiences you had with them. That is why we passed the law in 1984 to create the safe program, precisely because of the type of experience that you are telling us.

MR. AMATO: Excuse me, I didn't just come here to get it off my chest, but I would like to ask when you are amending this law, that you take serious consideration when you charge people for mileage. There is no reason to have General Motors get another 3800 dollars for this vehicle. There is not reason. Just because I had it for 33,000 miles, does not mean that every single part in that transmission and clutch was working, if I took it just like the transmission and clutch and each piece, and the two pieces combined cost 1500 dollars, and I could break it down to how it worked on every single hour, I paid them 1500 dollars to have it working like that, for the hours that I would own the vehicle, not for every mile.

REP. FOX: Any other questions? Mr. Amato thank you for taking the time to come up and testify. Next speaker is Kathy Curry.

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MS. CURRY: Thank you Mr. Chairman, my name is Kathleen Curry and I am the Bureau Chief for the Department of Consumer Protection. And I wanted to speak to

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REP. FOX: Thank you any questions? Thank you very much. There is no one else listed to speak on that bill. We would then move on to HB 5605, An Act Concerning Used Car Warranties. I would indicate to you that we have 11 people wishing to speak on this bill, and I would ask in consideration of those that come after them, that the speakers would attempt to limit themselves to no more than 5 minutes. The first speaker is Raphael Podolsky.

MR. PODOLSKY: My name is Raphael Podolsky. I am a lawyer of Connecticut Legal Services. I want to speak in favor of HB 5605. What I would like to do in my time as quickly as I can is give you a little bit of background of this bill. Some of you may know I have been involved with this bill for several, a long period of time. And also to respond to some of the questions that were asked of other speakers. Because I think that there is a good deal of misunderstanding in about some aspects of the bill, particularly the waiver provision.

Basically in summary the core part of this bill is to say that it should provide a short term warranty. That is to say, when a used car is bought and it cost more than 3000 dollars, it is supposed to run at least for 30 days, or in some cases under this bill 60 days. That is basically what the bill provides. It's not a core a morality issue, it's really a kind of quality control issue. I think you will find that the highest quality in dealership, in fact, stand behind their vehicle. What this bill does, in my opinion is, it holds all dealerships by Statute to the kind of standards that the best dealership now do voluntarily. The source of problems that have led to this bill come from the way in which cars are sold by dealers. I can assure you that when you buy a used car from a dealer, nobody says we don't have the remotest idea if this car is any good or not. You are always told the car with a sales pitch that creates the implication that the car is a good car. And hopefully it is a good car. What the bill does, it is makes the sales pitch true. The common practice in the industry now, is to give what is called the 50, 50 warranty. The bill says that you can't do that. For the very short period that is covered by the warranty the warranty needs to be complete. The Federal Trade Commission examines 50, 50 warranties

MR. PODOLSKY: (continued)

and found they were virtually worthless. And that is because they tie you back into the dealer, but they don't give you much benefit. The dealer can control and can manipulate the price of any repairs that are made during that 30 day period. But for example, you might normally charge 150 dollars. He charges you 200 dollars and you pay half of it and it is really not a 50, 50 split at all. But his, you have actually all ready paid for what you thought was going to be the cost of the car. These are all unanticipated expenses.

In addition at the post sale cost is substantial and you finance the car, you got a dollars problem if you can't finance the repair. It is important for the Committee to know that Connecticut all ready had a safety warranty. When dealer sells the car on the back of the certificate of title in the checker box it says this car is fit for operation on the highway. If he doesn't check it, you can't drive it off of his lot. If he checks it, he is giving you a warranty that the breaks are good, the tires are good, the horn works. We have that all ready. What we don't have is an assurance that the car runs. The Motor Vehicle Department gets loads of complaints on this, their problem is they can lean on people but they can't make something different happen.

You are asked a question about whether Federal Law all ready deals with this issue. There is a regulation in the Federal Trade Commission which began as a proposal for disclosed known defects. It ended as a rule in which you disclosed warranties, not known defects. And you will find on the disclosure on the back is a list of defects of things that can wrong with the car. But it doesn't tell you whether your car, the one that is being sold to you contains any of those defects. The disclosure of known defects was taken out under very, very heavy industry lobbying.

There is one particular change I would ask that you consider making in the bill. The bill has a threshold price of 3000 dollars. New York and Rhode Island have lemon laws with a threshold of 1600 dollars. I would ask that you consider bringing the threshold down to

MR. PODOLSKY: (continued)

1500 or 2000 dollars. The Connecticut Public Interest Research Group helped prepare a chart which I believe was asked to be passed out to you. Which shows what is covered by a 3000 dollars versus a 2000 dollar threshold. You should not that for a car like a Chevy Chevette, a 3000 dollar threshold doesn't even cover a 1984 vehicle. It only picks up 2 years.

To pick up cars that are say, four, five, six years old consistantly you need at least to go down to the 2000 dollars threshold.

On questions that were raised of other speakers. There was some questions asked about the waivers. Representative Zajac, for example, suggested that everybody is going to be waiving different things. You need to understand something about the bill. The bill mandates a particular statutory warranty. It is not generally waivable under this bill. It is waivable only for a defect that is disclosed to the consumer in a certain manner. That is to say, a dealer cannot say I want to waive the warranty as to the transmission. That is not allowed by this bill. The dealer can say, I want to tell you, sir, that the transmission on this car doesn't work. And I don't want to promise to fix it, therefore, I would like to waive the warranty under non-functional transmission. That you can do. The reason for the difference is, that when you are specifically telling the consumer that a particular system doesn't work, and then discussing the question of waiver, you are doing a known deliberate intelligent waiver. If you do it the other way you will discover in every single sales contract there is little tiny print something that says the consumer agrees to waive all implied warranties. Which is exactly what you have now in the contract.

The bill doesn't permit those kinds of routine waivers, because then, as Representative Torpey pointed out, you would duct the bill. What it does is where the dealer says there is something wrong and I don't want to have to fix it, then you can negotiate an individualized waiver. The result is the problem of individual waivers will not really happen, that will be an almost never used provision.

MR. PODOLSKY: (continued)

I'm wondering from facial expressions, I am getting

REP. FOX: Your wondering from facial expressions you are well beyond your five minutes.

MR. PODOLSKY: Okay, let me just summarize this. I guess I made the points I wanted to make. In a way I would invite this Committee to ask me some questions, because I believe you have asked questions to other witnesses, where you have not necessarily gotten full and complete answers. And I would really like the opportunity to fill some of those out if the Committee wants that information. Thank you.

REP. FOX: Thank you, are there any questions?

REP. ZAJAC: Just a comment. I think my question before as a result of what the representative from the Attorney General's Office said, in fact, in your testimony that yes indeed every warranty could be tailored made between the two parties involved.

MR. PODOLSKY: Yes, if you look at line 71, 72 I think you'll see that that is limited to where there is a defect.

REP. ZAJAC: That is what we are talking about, the defects. Where is the lemon part, defects.

MR. PODOLSKY: No, but you can't waive it, unless the dealer says this system is defective. That is the key difference and I don't think that was made clear in the previous discussion.

REP. FOX: Senator Maloney.

SEN. MALONEY: Well I just want to try to really nail this warranty issue down. Is there a warn warranty in the bill, and what we are talking about in terms of waivers, is not waiving the warranty, we are talking about waiving the applicability of the warranty to a particular defect or a particular component of the automobile, is that correct?

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MR. PODOLSKY: To a particular system or defect that has been disclosed as defective.

SEN. MALONEY: That was my understanding, right.

MR. PODOLSKY: You can't generally waive the defects of a transmission, you have to say that this transmission has a defect. And I waive after that.

SEN. MALONEY: Fine. Okay, now the only other thought is sort of a comment to the Committee. Perhaps we can work the language a little bit to make it a little more clear on plain reading of the Statutes, but I understand the concept and I'm glad that we have that in the legislative record, thank you.

REP. FOX: John.

REP. WOODCOCK: Mr. Podolsky, you have been involved with this legislation for some time. Could you briefly describe for the Committee how the repair, replacement mechanism works. Because I think a lot of us are unfamiliar with that. Three times in the 15 days.

MR. PODOLSKY: Well as I understand the repair replacement part actually comes out of the New York law. The, as I understand the way it works, that you have, the general standard is that the dealer cannot within a reasonable period of time correct the problem, then you can return the car. There is a precise definition of what constitutes a reasonable period of time and that is that if the car is in the shop for 15 days, during the warranty period, which is mainly 50% of the warranty period if you are talking a 30 day warranty, or if you have it in 3 different times for the same thing and he still can't fix it, then that itself constitutes, establishes the fact that the dealer has had a reasonable opportunity to repair and has not succeeded in making the repair. You do as I understand this law have to give the dealer in essence the opportunity to repair if you are going to return the car. You can't just bring the car back and turn it in.

REP. WOODCOCK: The dealer has at least 3 repair times to take care of the problem during the warranty period.

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MR. PODOLSKY: Or a one repair attempt if it takes him longer than 15 days and he still can't get it done.

REP. WOODCOCK: Thank you.

REP. FOX: Raphy thank you.

MR. PODOLSKY: Thank you.

REP. FOX: The next speaker is Mike Healey.

MR. HEALEY: Mr. Chairman, I'm Mike Healey, I represent the Connecticut Automotive Trade Association. This is Harvey Lipman, also from the Association.

Basically what we are dealing with is two extremes, your dealing with no bill over here, and you are going off the deep end over here with the Bill 5605. 5605 is not a warranty bill, 5605 is a lemon law bill, that is what it is.

Basically for the last, this is not a new bill, basically for the last five years we have seen the exact same bill. It was defeated five years ago, it was defeated four years ago, two, one, every single year it was submitted, okay, it was defeated. It basically hasn't changed at all. Because of the time limitations here, what I have done is I have put a copy of the testimony from the previous years and it applies this year. So I've got that testimony here, okay, the only think I would like to do is I would like to highlight one part of it and then I would like to proceed with a little bit more that we have, before you have any questions.

Basically what we said in past years was that we are not an unregulated industry. Nothing could be further from the truth. The Department of Motor Vehicles imposes requirements on each dealer relative to dealers location, speedometer and mileage reporting, record keeping by dealers, consumer rights, posting, security bonds to protect consumers in the motor vehicle repair work. Please note that under Section 1464 of the General Statutes. The Commissioner has the authority to suspend or revoke a license or impose a penalty of up to 1000 dollars for a violation of any state or federal statute or regulation pertaining to his business as a licensed dealer.

MR. HEALEY: (continued)

In addition each dealer is regulated by the Federal Trade Commission, regulations concerning fraudulent misrepresentation in a sale of an automobile and a display of a buyers guide on each of the used vehicles clearly stating what is and what is not under warranty. Additionally dealers are regulated by regulations and disclosure of consumer credit costs.

It is our strong belief that legislation should address a clear and serious problem based on the data provided by the Program Review and Investigation Committee study of the Department of Motor Vehicles. We see no such evidence. The data provided for 1984 indicates that some 440 used vehicles were sold in this state. Of these approximately 175,000 or roughly 40% was sold by licensed dealers. 60% were sold on a casual sale which there is absolutely no regulations at all.

Approximately 700 complaints were filed with the Department of Motor Vehicle pertaining to used cars. Without information of how many of these complaints were unjustified or how many were solved by only a phone call to the dealer involved, or how many merely pertained to a deposit held by a dealer. It is clear that less than $\frac{1}{2}$ of 1% (tape goes blank) 25,000 sold by licensed dealers. By the way 1986 figures stayed the same. 40% of the cars, used cars sold in this State, were sold by licensed dealers. The last 60% was casual sale where there is absolutely no regulation.

So it is less than $\frac{1}{2}$ % of 1% is why we are here today and why we have been here the last five years.

REP. FOX: Let me go back over that with you again if I can. There is 175,000 used cars sold by dealers. And of those your statistics show there were complaints with respect to how many?

MR. HEALEY: There were complaints documented complaints of 700 filed in 1984.

REP. FOX: 700 filed with whom.

MR. HEALEY: File with the Department of Motor Vehicles pertaining to used cars sold by dealers. 700.

REP. FOX: Okay, and you are talking about written complaints, formal complaints?

MR. HEALEY: Formal complaints made at the Motor Vehicle Department for used cars sold by a dealer.

REP. FOX: So you then, your organization would disagree, I don't know if you were here this morning to hear the testimony from the Department of Consumer Protection. But as I understand it your numbers differ quite dramatically with the numbers that were given from the Department of Consumer Protection and the numbers that we are getting from the Department of Motor Vehicle.

MR. HEALEY: We got these numbers directly from the study that was done by the Representative, by the Review and Investigations Committee. We happen to listen in, get a copy of what was discussed at that time. And that was what was discussed. When it broke down to complaints, this is how they broke it down. At that time they were trying to get more money for more data on more people over there, inspectors and that stuff, and the study came up with these numbers.

REP. FOX: We are in agreement though that the numbers from your organization, or the study, and the numbers that we heard this morning are very different, dramatically different.

MR. HEALEY: I didn't hear the numbers from this morning.

REP. FOX: The numbers that were given to us from the Department of Consumer Protection, my recollection serves me, from 11,000 complaints.

MR. HEALEY: Where did they get these, did they state where they got them, because I wasn't here. Well I know where we got ours, I don't know where they got theirs.

REP. FOX: These are statistics collected by the Department of Consumer Protection of complaints that have come to them. The Motor Vehicle Department I believe made reference to 8000 total complaints in a given year,

REP. FOX: (continued)

of which approximately 25% relate to complaints involving used cars.

MR. HEALEY: You didn't say what year those were, and I'm not privileged to that. But I know what we had in 84, and in 86, I know the sales were still the same, 40% still sold.

REP. FOX: Okay.

MR. HEALEY: The point is this, what do you want? Do you want a bill that is going to be a lemon law that is going to need 50,000 lawyers to interpret. Or do you need something that is workable. We feel very strongly. There should be no dealer, and we have told our members in this State, there should be no dealer selling a car under a 50, 50 warranty. We agree with you. There should be nobody selling a car for labor only. The problem is that there are a lot of small repair gas stations that sell used cars. While members of our association don't get information. We also feel very strongly, and we go a little further than the bill perse, that there should be more than a 30 day warranty, there should be a 30, 60, 90 day warranty and it should be 100% dealer paying parts and labor. We feel strongly about this right now.

The big difference comes in where, how you look at things. If you are regulating the medical profession if you want to get input from the medical people, if you are regulating the insurance business, you want to get input from the insurance people. If you are regulating the car business, and we employ 14,000 people in this State. You would think that you would get some input from us, There is absolutely zero input from any dealers or our organization on this bill at all.

REP. FOX: Let me ask you that, why your agency is here is obviously to give us some input on it. Is it your position that there should be no used car lemon laws, therefore, this legislation is unnecessary. Is that your position?

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MR. HEALEY: It is our position that this bill is unnecessary, but it is also our position that if there was a necessity, and you really felt there was a necessity for a full warranty bill based on $\frac{1}{2}$ of 1% complaints, fine. Lets make it a warranty law. A warranty law that is going to benefit the consumer that puts down everything in black and white. What is covered, what is not covered, and how it should be.

One item right off the gettygo that a car person would have gave input to anybody that made up this bill was that you don't base things on dollars in the car business. You base things on mileage. Everything should be based on mileage. Because you have cars that, you know, get a higher mileage quicker, and they still should be regulated. What you are doing on this bill here, you are regulating the guys with the million dollar facility, he's got everything to lose. They are no different from you people right here, except one difference, you get elected every two years. These people get elected everyday. If that consumer goes out and he bad mouthed that dealer, that dealer is going to lose tons of business all over the place. So that man is on the fire line everyday, he's got a million dollar facility. To get at the little guy who has no investments, that could skip town, I don't know why the hell he has a license to begin with, what we are going to do is we are going to regulate everybody. It just doesn't make sense.

REP. FOX: Let me ask you this, you made reference to the fact that you think we ought to have specific warranty 30, 60, 90 days and make them complete. Can you provide us, would you provide us with specific wording as to how that ought to be proposed?

MR. HEALEY: I have it here today, I have the proposal here today, and I also have the verbic, the basic verbic.

REP. FOX: I would appreciate it if you could give us that specific language.

MR. HEALY: I certainly will, the next question I have for you, one of your major concerns in the correspondence

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REP. FOX: (continued)

I have gotten on this bill suggests that one of the major concerns of the used car dealers is that only a limited number of used cars are sold by dealers. Would your position be any different if, in fact, we made this law applicable to the sale of all used cars, both dealers and private sales?

MR. HEALEY: Okay, lets address that, because that is a major issue. Your talking about a sacred cow. Not my sacred cow, your sacred cow. Okay, what happens in years gone by, that whenever we try to get this in, there was no guarantee that that would stay in. In other words, its just like an emmissions law. When you passed emmissions law, you got everybody revolting against you for the emmissions law, well fine, it is the same thing with this. The private sale, 60% of the sales in Connecticut has always been the sacred cow. We don't understand that.

REP. FOX: Lets assume we did, would you support the bill?

MR. HEALEY: Sure, not this, not 5605, but we would support the proposed legislation we have. We go a heck of a lot further than 5605.

REP. FOX: But you would then, you would not support it even if we made it applicable to the sale of all used cars.

MR. HEALEY: We would not support 5605 under any circumstance.

REP. FOX: Okay.

MR. HEALEY: Let me just comment on 5605 for a minute. 5605, you have to really understand this, this has been kicking around for so long, it has never been updated. What happens is its prevented every year. It is the same garbage in a different bag. That is what happens. And what it is, what happens is you have, they have a known defects law in here, but did you know that when the Federal Trades Commission looked at this that they band it because it was unenforcable, probably unconstitutional, okay, to put the known defects law in there. They also got rid

MR. HEALEY: (continued)

the recision. All this is is the original Federal Trades Commission regulation that came in that was reworked, came in here and packaged under different numbers. It's the same thing, there is no difference. And the Federal Trades Commission sat there, and they got the input from industry leaders. Saw where it wouldn't work, got the input from legal experts and saw where it might be unconstitutional in spots, and they changed it. They came up with something, with a buyer sticker on the side, with everything spelled out, what is covered and what is not.

Before I go on, let me tell you exactly what we did. It seems that we are getting no input from anybody on these bills. What we did is we sat down and we said, hey look, why do we need regulation. Lets get down and lets try to come up with something ourselves that makes sense. So we did, we came up with something that we feel we can all live with. It's a 30, 60, 90 day warranty based on mileage. 90 day warranty, 100% parts and labor, 100% parts and labor, up to a car that is sold with a odometer reading of 25,000 miles. We came up to 60 days 2,000 miles for any car up to 50,000. We came up with 30 days 1000 miles on any car that is sold by a dealer up to 100,000 miles. And what we did is we went a little further which spelled out exactly what is covered and what isn't so there will be no misunderstanding. At the same time we gave the dealer the option and the consumers the option of selling the car as is (tape goes blank) not any legal clause here or there that can send you to court. But something that was clear to both the consumer and the dealer. What we offered is we went out and talked to the insurance company, because if our customers get stuck on the road and he is South Carolina or California, we want him covered. We sold the car, he is eventually come back home. We want to do business with him again. We don't want him bad mouthing us around town. So we have to have something that demands he can get the car fixed anywhere he wants. As long as he calls us and lets us know. Or else calls our agent. So what we did is went out and we contracted with Western National to administer this buyers guide used car warranting. Now we have been using it for a year and a half and if that con-

MR. HEALEY: (continued)

sumer is on the road now, and he is stuck anywhere, he can call in to an 800 number, he'll get satisfaction. He'll get told where to go, he'll get told it is all right and he will get a check from the insurance company, a check for the person repairing your car in South Carolina or whatever.

We did this on our own. The point is that we feel we don't have to need legislating for running a business like it should be run. A lot of the points on the bill are very good, and we are in favor in them, in fact, we are going to go a little further in our proposal than you go in yours. But there are somethings in there that no business man could ever live with. And that is why I guess we are here, and that is why we have been here the last five years. And I don't mean to get hot on the bill, and I know a lot of hard work was put into it. It's just that there was no input from us in these bills, and we are the people being legislated, we really should be heard. And other than a public hearing like this, we should be heard by you people making up the bill.

Over the past several years we haven't been heard or we had to go the other way. We had to go to fight the bill to kill it. We really don't want to kill the bill. We really want to have a bill that everybody can live with and everybody could be happy, and we could be assured that somebody is not going to be out there (inaudible) we want to have something in agreement that everybody can live with and more importantly it does the job for the consumer, okay, that is what we want, we want a bill that does the job for the consumer. Not does the job for somebody that the only way they are going to be able to afford this thing is try to get lawyers and go to court. That does us no good. That doesn't get us customers, that doesn't get the customers coming back in. So I have a proposal here, I'd be more than happy to hand it out to you. I brought extras for the fellows that aren't here today. And I'll more than happy to answer any questions you have.

REP. FOX: Thank you, questions for Mr. Healey, yes Dick.

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REP. TORPEY: Dick Torpey from East Hartford. I loved your presentation, I don't know if I agree with it or not, but I think it was a good presentation.

MP Assuming this were to become a law, how would you feel about the, how do you feel about the jockeying around with the warranty where you can waive your rights, the customer can waive his rights to certain sections of it, how do you feel about that?

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MR. HEALEY: Well, really we feel that it isn't necessary because you can define it better. We don't want to give anybody the loophole. We don't want the dealer, we don't want the consumer to have a loophole. We want them both to understand it. How you best do that is you sit down and you say, Mr. Dealer, look, if you sell a car in this state you're warranting that car 100%. We don't care if you own the mausoleum that's worth \$50 million, or if you have the gas station on the corner. If you're selling that car you're going to warrant it parts and labor 100% based on the mileage of the car.

If you can't agree to that you can't sell it like that. The consumer if he still wants to buy the car, and the dealer if he still wants to sell the car can get together on an "as is" no warranty that spells out all the costs are paid, on the repair are paid by the consumer and he understands up front that regardless what was said by anybody you have no warranty, and you're buying the car with that. Let's spell it out. There's 4 categories they can go, 30, 60, 90 or they can go as is.

REP. TORPEY: I agree with you incidentally. It doesn't make any difference but I agree with you.

REP. WOODCOCK: First of all I want to let you know that this particular bill enjoys the support of a lot of legislators. It is not the same bill that has been before the legislature in the past. I'd have to disagree with you on that score, because I've been involved in a few of these efforts. It has the support of the Attorney General, the Department of Consumer Protection, the Department of Motor Vehicles and most of all it has the support of the public.

And the reason it is before this committee, let me finish ... the reason it is before the legislature in this committee is because of a failure of your industry and people within your industry to live up to certain standards of good business. That's why we have these complaints sir. Those complaints are not generated by me, consumer advocates or anybody

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REP. WOODCOCK: (continued)

else who has an interest in this legislation. They are generated by victims. So with that background I have a couple of questions for you. 1) The proposal that you're putting before us today I take it is something that is modeled after a bill that is on the books in the state of Rhode Island and also the state of New York. Pretty much. Is that correct?

MR. HEALEY: This is our own, but it is exactly like Rhode Island's. I didn't see Rhode Island's until yesterday, but it's almost like Rhode Island's.

REP. WOODCOCK: Rhode Island does have a lemon law?

MR. HEALEY: No, they have a warrantee law.

REP. WOODCOCK: Well, whatever you want to call it.. They have a law ...

MR. HEALEY: Big difference..

REP. WOODCOCK: They have a law that's pretty similar to this.

MR. HEALEY: They have a law that's similar to our proposal, yeah.

REP. WOODCOCK: And to your knowledge, is that law working well in Rhode Island?

MR. HEALEY: Well, it's a brand new law, and from the input I could get, I only found this out yesterday, I only saw a copy of their law yesterday. From the input I got from the dealer, okay, that it has worked pretty good.

REP. WOODCOCK: The dealers are saying they're happy with it.

MR. HEALEY: The dealers in Rhode Island are pretty happy with it. We did not have input from any of you. It's a brand new law.

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- REP. WOODCOCK: Is this particular proposal what we would call a systems bill in that it covers just certain systems in the car?
- MR. HEALEY: It defines exactly what is covered and what isn't. It goes into seven main regions of the automobile, and then it defines it even further than that. The seven regions, areas I'm sorry are listed on the system cover.
- REP. WOODCOCK: And is it the intent of Connecticut Automotive Trade Association to kind of tie in an insurance concept with the bill, I mean with this proposal. I mean are you looking to back this up with insurance policies?
- MR. HEALEY: What we did. I'll tell you what we're doing now. We went and approached an insurance company 1½ years ago and told them this was exactly what we wanted to do. Would you be willing to write us, what would it cost to have insurance on this so the customer doesn't have to pay anything. So they came up with a price and the majority of our dealers are using that companies, through Western National.
- REP. WOODCOCK: Where are they located?
- MR. HEALEY: It's an agent. Their administrator, okay and I believe they're located in Meriden.
- REP. WOODCOCK: And what is the cost of these policies?
- MR. HEALEY: The cost to the dealer depends on what kind of equipment is in the car. If the car is a 4 wheel drive car, car is a turbo, car is a diesel, there's an extra cost item. The policy that the dealer can purchase can run, depending on the car, from a low of \$57 to a high of over \$100 based on the duration of the warrantee and the equipment in the car.
- REP. WOODCOCK: And you pass that along to your customers.
- MR. HEALEY: You pass along anything that you have, and anybody that sits here and tells you any differently

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MR. HEALEY: (continued)

is a liar. If that isn't inconsideration of price ..

REP. WOODCOCK: I'm just looking for recourse. These policies then cost between \$57 and over \$100, I don't have the exact number over \$100. And obviously the more expensive the policy and it's factored into the..

MR. HEALEY: The coverage is all the same. The only thing that is different is when you get into expensive items like 4 wheel drive and uh diesel, turbos.

REP. WOODCOCK: I would think, Mike, that the 30 day warrantee, that the policy for 30 day would cost less than a policy for a 90 day warrantee.

MR. HEALEY: Not necessarily, John, because the 90 day warrantee is based on a car that has lower mileage. So that car shouldn't really need as much warrantee as a car with 100,000 miles on it. That's why these should be based on mileage, not dollars.

REP. WOODCOCK: How long have the car dealers in Connecticut been using these policies?

MR. HEALEY: Well, we started about 1½ years ago, and I would say we're almost a year now using this policy.

REP. WOODCOCK: And your track record with these policies has been favorable?

MR. HEALEY: It's been super. It's been to the point now that we now have approached the company and they have come up with something .. you will notice on the (inaudible) here it says service contract. Rather than being all over the ballgame, we've approached this company to come up with a service contract that a customer can't purchase. It's not included in the purchase price. He can make the option to purchase it for 12 months or 12,000 or 24 months, 24,000 miles.

REP. WOODCOCK: Correct me if I'm wrong, you're saying that this particular coverage, these policies would apply

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REP. WOODCOCK: (continued)

to every used car sold by a dealer?

MR. HEALY: Every one, and every one whether he's in a gas station or a mausoleum.

REP. WOODCOCK: So there's no need for the "as is" part of the bill.

MR. HEALY: No, that's very important. I'll give you an example ..

REP. WOODCOCK: I see it in here...

MR. HEALY: You own a Mercedes, right..

REP. WOODCOCK: I see it in here, it says as is you have a right to disclaim any coverage, so there seems to be a contradiction in your testimony.

MR. HEALY: The as is is very important and I'll give you an example. You have a Mercedes let's say that sells for \$14,000 and the Mercedes for some reason has a bad engine. And the dealer tells the party, look this car has a bad engine, I'm not going to sell it with a warrantee, but instead of paying \$14,000, we can give you the option of paying what the wholesaler would be which would be about \$9,000, but you have to purchase the car as is, but it has a bad engine. It's totally your cost, you have to elect whether or not you do it.

Now the normal consumer knowing that the engine may cost anywhere from \$800-\$1200 to fix would probably jump on the deal and say I always wanted a Mercedes and it's a way to get one at a low cost. And you should not take that erection away through the consumer or the dealer. It's very important that they have those trusts.

REP. WOODCOCK: Well, 6605 is the same mechanism in it.

MR. HEALEY: No it doesn't.

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REP. WOODCOCK: Yes it does.

MR. HEALY: It has a different verbiage all the way. And that bill, the way it is is nothing but a lawyer's heaven. It's a legal nightmare.

REP. WOODCOCK: Well, I'm an attorney as you know, and I've glanced through this and I've seen these system proposals before, and believe me, if there's ever something ripe for litigation it is what is covered and what is not covered under this proposal, under these policies. My question to you is, have you, are you aware of any complaints being filed with the State of Connecticut insurance department by customers?

MR. HEALY: I haven't been aware of that at all and I don't think there has been.

REP. WOODCOCK: You mean if I were to call the insurance department today and find out there were complaints.

MR. HEALY: I think you would find this is a very successful program that we put in ourselves without any regulations or legislation.

REP. WOODCOCK: Would it surprise you to know that Representative Morag Vance, the former Chairperson of the Insurance and Real Estate Committee, uh, raised a point on the floor of the house last year about these policies and the fact that consumers are having a very difficult time in enforcing that?

MR. HEALY: He was talking about something else. He was talking about service contracts. He was not talking about 100% dealer backed warrantee. The service contract had the deductible with it that the customer elects to purchase if he wants it. This bill here takes it all off the consumer (inaudible) to whom you sold the car to.

REP. WOODCOCK: The complaints that were made last year were virtually identical to this type of policy and it's a matter for debate and it's a matter of record

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REP. WOODCOCK: (continued)

in the House...

MR. HEALY: Well, I heard it.

REP. WOODCOCK: ...that this particular concern was articulated by the Chairperson of the Insurance Committee.

MR. HEALY: I happened to hear it, parts of that, ok? And my understanding that he was talking about service contracts, not what we are talking about here. This is completely different, John; this has only been around now for about a year. We have been doing this for about a year, so it is highly unlikely that you would have been involved with this at all.

REP. WOODCOCK: What....it is a she...

MR. HEALY: She ...

REP. WOODCOCK: One other question or point....Is there anything in your proposal dealing with the issue or the question of disclosure of known material defects?

MR. HEALY: No, there is nothing about any kind of hidden defect.....as I stated earlier, that the FTC threw out because they thought it was unconstitutional.

REP. WOODCOCK: Do you feel...do you feel that that would give consumers more confidence in your product if there was some kind of duty on the part of the dealer to disclose information concerning a known defect?

MR. HEALY: Well, let's do this, okay? Let's do this. Let's talk about common sense. My customer has a car, buys it brand new, puts on 80,000 miles, trades it into a dealer, okay? He comes in,

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MR. HEALY: (continued)

trades in his car, gets in his brand new car. He doesn't stand there and say: look it, before I trade in this car, I want to give you the whole history of my car, from zero number 1 to zero number 80,000. It is unpractical; it never happens.

But that is what you are asking a dealer to do. You are asking the dealer to stand up for the car from the day it was brand new....

REP. WOODCOCK: No, I am not.

MR. HEALY: ...to the day we sold it used. That's why they threw it out at the FTC Level, but apparently it never made it out of this bill.

REP. WOODCOCK: No, I disagree with you. They threw it out at the FTC level because of substantial contributions made by your industry, people serving in...

MR. HEALY: Well, that is your opinion....

REP. WOODCOCK: And people serving in the Congress.

REP. FOX: I would like to move the debate along.

REP. WOODCOCK: That is a matter of record. But anyway, you are saying that you don't think that the dealer should have the legal duty to disclose material defects,...yes or no?

MR. HEALY: I think any businessman, okay? that is here for the long haul to stay....if he knows something about a car, he is either going to fix it or he is going to stand up to plate and say: hey, look, there is something wrong with this car. That is why we are selling it for a lower price.

REP. WOODCOCK: If that is your feeling, then what harm is there in putting this into the law?

MR. HEALY: Because, basically, it is unconstitutional,

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MR. HEALY: (continued)

number one, okay? And number two, you are forgetting one important....

REP. WOODCOCK: It is on the books in the State of Wisconsin.

MR. HEALY: ...one important thing. 60% of the sales that are made in this State are unregulated. Okay? Only 40% are regulated and we are regulated pretty good.

REP. WOODCOCK: If it was constitutional....if it was unconstitutional, the Wisconsin dealers would have challenged it a long time ago....mandatory disclosure has been the law in Wisconsin for ten years.

MR. HEALY: For ten years..

REP. WOODCOCK: ..and no one has ever raised any constitutional arguments about it.

MR. HEALY: Have you ever noticed...isn't that funny? That 1974 or 1984 or 1974 or whenever it was that they passed that bill....that not one other state in the Union has adopted that bill. Doesn't that tell you something about the bill?

You asked me two questions that I want to answer. Number 1, you asked me: was this 5605 necessary based on the complaints that were heard. Based on one half of one percent, I don't think so. I didn't think so last year; I didn't think so the year before that. I didn't think so the year before that. But, if you are asking me: should a responsible businessman step up to the plate, yes, I think so.

I think it is about time, if you feel more comfortable, with seeing it in writing...and not knowing that we are already doing it. If that isn't good enough for you, then fine. We will show you what we are doing. We have no fear of this, because this is going to get that Four Corner Gas Station

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MR. HEALY: (continued)

guy...probably the majority of that one half of one percent of the complaints there. That is going to make him step up. Either he is going to do business like everybody else, or he is going to get out of the business.

REP. WOODCOCK: Mr. Healy, thank you for your candor. You have an interest to protect, and I think you have done a good job of that today. We are going to be hearing from someone from the State of Rhode Island, very shortly, who is going to comment as a neutral third party as to how this particular proposal of yours...that you would like to have us seriously consider...is or is not working in Rhode Island.

REP. FOX: We have a couple of other questions. There are many other people, some of whom get up here only one day to testify on other legislation. I don't mean to cut off a debate, because it is an important bill.

Representative Krawiec, I believe that you had a question.

REP. KRAWIEC: Yes, it was only one question. On that 30, 60, and 90 day proposal on the warranties, does that mean that that car will start every day and run for that 30 days or 60 days? No matter what happens to it, they will repair it?

MR. HEALY: That means that we have a 100% warranty on everything that is in black and white and is listed before the consumer picks up the car and takes delivery. It is posted on the car out in the lot as he is looking at it. It is on the sticker of the car, ok? When he comes in, before he takes delivery of the car, he signs right underneath what is covered and what is not covered, and basically the only things that are not covered are the items that are tune-up related items.

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MR. HEALY: (continued)

Now, that is already in your safety items like your brakes. That is already covered by other laws in the State... When we deliver a car in this state, we have to sign that it is safe for the road. That means the brakes, the exhaust system; that means the tires. That has already... There is already legislation that says that we have to do that.

Now, the biggest fear that any dealer has is losing his license and getting the bad publicity of a fine because he delivered a car that was unsafe for the road.

REP. KRAWIEC: Fuel pumps and carburetors would not be included?

MR. HEALY: If they are not listed, they are not included. You have the items there.... In fact, you have the policy itself. I put in the policy, in there... so that you can see exactly..black and white...what is in there.

REP. FOX: Representative Torpey?

REP. TORPEY: Mr. Healy, you have three or four or so items in here that you are covered under warranty, but then it says that if the damage is due to failure of internally lubricated parts....so that implies to me that other things that could happen to damage those parts. But, the only thing that you are covering is if it is due to the failure of internally lubricated parts..... Suppose it is due to failure of one of these other things that you are not covering?

MR. HEALY: Okay, that is a very good point. Why that is in there in case somebody.....Let's give an example. You are in the shopping center and somebody backs into the front, puts a little hole in that radiator....but the customer doesn't really see what happened. What happens is that he loses all the coolant. He blows the head gasket; he

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MR. HEALY: (continued)

comes into the dealer and says: Mr. Dealer, you have got to fix this engine in this car. It blew the head gasket. Now, we go into the car and as part of our investigation to find out why it blew, we look in the front and we see the hole that...you know...and it could be a small hole in the radiator. It takes a couple of days, and it will all leak out.

That is the reason why. That is reason a collision and insurance type claim, not a dealer responsible clause. That is why that is in there. For that type of item.

REP. TORPEY: Then are you saying that unless damage was done...of that type that you are talking about... nothing else could happen to those parts that would be the dealer's...?

MR. HEALY: We cover it pretty good...that motor, that rear end, that transmission, those major seven items on their go; they are 100% in the dealer's lap.

REP. TORPEY: Thank you.

REP. FOX: Senator Maloney?

SEN. MALONEY: Thank you. Hopefully, three questions and then we can move along. I don't really understand the argument on mileage. If I take....I take it that cost, when you pay for a car, encompasses consideration of mileage. You can have a very high mileage car that you are willing to pay quite a big price for...because the mileage was say...highway miles, or the car was otherwise in very good condition. But, doesn't price include the problem or issue of mileage?

MR. HEALY: What this does, Senator, and this goes one step beyond that, okay? When you deal with price, what you are really doing is you are telling that

MR. HEALY: (continued)

guy who wants to sell the car for \$1500 or \$2000 that he is not going to be regulated. Or you are telling the guy that has a car that is in the 30,000 mile range that is a \$3000 car or something, that he only has to do this much or that much.

We would like to take it a step beyond that, and say: hey, look, everybody should be regulated. If you base it on miles, 100,000 miles is surely going to cover any car that any dealer is going to sell. So, let's cover them all; let's not let anybody out. Let's cover them all. What is wrong with the guy out to sell his \$1500 car? Let's not let the guy out who is selling the car that just came of lease with high miles... Let's get them all. By mileage, you get them all.

SEN. MALONEY: I understand your point on that. If the bill is proposed or adopted, how many complaints would you anticipate actually resulting?

MR. HEALY: How many complaints to the Motor Vehicle Department?

SEN. MALONEY: How many complaints would go into the arbitration....

MR. HEALY: I would think that that one half of one percent would be diminished, that are now complaining. I think that would go down even further, next to nil. The reason why is: you don't have to put a fine in here. If this....if this becomes a law as we have it, okay? If that dealer doesn't comply, he is going to lose his license or face a fine and all the bad publicity in the newspapers.

You know...the amount of the complaints that a dealer not stepping up...or even that gas station guy not stepping up are diminished.

SEN. MALONEY: What I was getting at was under the bill as proposed here....all right? What do you expect

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SEN. MALONEY: (continued)

would be the impact in terms of complaints...?

MR. HEALY: Oh, that is easy. It is going to have a dramatic impact on casual sales. You are going to push a lot of casual sales right over. Instead of 60%, that will become 80%....it will be 20% to us, because the dealers are just not going to fool with them, and the consumer is going to be told when he comes in: take the car, because we can't do anything with the car because of this or that.

So, you are...there is going to be a dramatic effect on the sales....

SEN. MALONEY: But of the ones that the dealer continues to merchandise,

MR. HEALY: Yes?

SEN. MALONEY: What do you think will be the impact there? Will there be a number, a large number of complaints?

MR. HEALY: I see an explosion. I see an illegal explosion. There aren't going to be enough lawyers in the state to keep that bill busy.

SEN. MALONEY: Isn't that testimony to the fact that there are going to be...that there are going to be problems, then?

MR. HEALY: There are problems with 5605. We don't think there is any problem with the one we just gave you.

SEN. MALONEY: That is not my question. The question is: if there is going to be an explosion in the number of complaints that are generated based on the used car warranty bill, as proposed.....

MR. HEALY: Yes?

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SEN. MALONEY: Isn't that testimony to the fact that there are therefore problems? People aren't going to go around inventing complaints.

MR. HEALY: Well, just what is happening. You are... creating a monster. What is going to happen is: what happens after the guy traded in the car, ok? Two months later, he comes back for whatever reason and it is decided that he should get his money back. What happens to his trade? That we took in that was traded to somebody else? What happens to the over-allowance on the car to compensate for a discount?

What happens to those things? What is going to happen is...dealer is not going to touch a used car, mainly because it costs him too much money, just for fear that things like that could happen. But the dealer that has the investment doesn't want to see these things in the newspapers, so he is going to shy away from it. The guy is going to think that he is one of the guys that don't care....

SEN. MALONEY: Let's move on. I want to proceed to my final question. Very briefly, since this is somewhat of a new issue for me....give me your understanding of the constitutional objective.

MR. HEALY: Well, you are talking about the no defects?

SEN. MALONEY: Right.

MR. HEALY: Okay, the no defects. My understanding of it, Senator, is: how can you....two things. Number one, how could you put it just on one industry? Okay? Because nationwide, the figures are the same. Casual sales 60%.....how can you put it on a minority...the minority that is selling these cars and not put it on the majority? That is number one, okay?

Number two: how can you come in and make somebody responsible for a car from mile number 1, and that is really what that does? Who knows what happened

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MR. HEALY: (continued)

to that car? Who knows how many owners it had?
How can you put that on anybody? Never mind a car
dealer.....

SEN. MALONEY: I understand your answer. I don't see
the constitutional problems, but....I understand
your answer.

REP. FOX: Representative Butterly?

REP. BUTTERLY: Yes, just briefly, Mr. Healy, what per-
centage of Connecticut dealers are now using this
program you handed out to us?

MR. HEALY: Well, the CAT Members, okay....it has been
endorsed 100%. Of those using it, I would say
that you are probably pretty close to that number.

REP. BUTTERLY: What is that number? In other words,
in any given area....say there is ten car dealers
in my area, of those ten car dealers, how many of
those are likely to be using this? Could you give
me some idea?

MR. HEALY: Well, number 1...100% of them are using this,
because this goes along with the federal statutes.
Okay? Of the 30, 60, 90...if I had to take a
guess and it is purely a guess, I would say that
close to 99% are using this...since we instituted
it....since the Association came out with it.

REP. BUTTERLY: Thank you.

REP. FOX: Mr. Healy, thank you for your testimony, sir.

MR HEALY: Thank you for listening. I know it was
a little long.

REP. FOX: Next speaker is a Mr. Robert Adamo.

ROBERT ADAMO: Thank you, Mr. Chairman, ladies and
gentlemen of the Committee, my name is Robert Adamo.

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MR. ADAMO: (continued)

I am with the Rhode Island Consumer's Council; we are a State Consumer Protection Agency, very similar to your Department of Consumer Protection.

The reason why I am here today is to give you the benefit of the experience of the State of Rhode Island, that we have had with a used car warranty law. I am here to testify on 5605; I would like you to keep in the back of your mind the presentation made by Mr. Healy and the Dealer's Association and the bill of goods that he is trying to sell you with his proposal....because it is pretty similar to what we now have in Rhode Island, and it is not working.

In 1985, our Legislature passed the used car warranty law. It became effective July 1, 1986, so for a little over a year, we have had this law in effect. I think the biggest problem with our law is the waiver provision. We have a waiver provision, where the consumer can sign a waiver and sign off his rights.

What we find is happening with the dealers is in negotiating an agreed price with the consumer, and when it comes time for the sale, the dealer is telling the consumer: well, you have to sign the waiver. And the consumer will say to you: well, why....and they say: well, I can't sell it to you at this price: I might have to charge another \$500 with that warranty in there.

So, the consumer without the money to buy a new car naturally signs the waiver, and virtually makes the law ineffective. That is one of the main problems we are having: the dealers are getting the consumers to sign the waiver.

What the waiver law really does, it allows the dealers to circumvent both the spirit and the letter of the law, and I ask you to delete that provision

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MR. ADAMO: (continued)

in your legislation which allows a waiver to be signed by the consumers.

In looking at your law, and I just got it a little while ago,....so I am trying to make comparisons.... it is similar in some instances. We have a limit which a vehicle must be covered, and that limit is \$1500. Any limit less than \$1500 does not have to comply with the warranty law. They still have to comply with our state and local inspection laws, but not with the warranty law. I see your minimum purchase price is \$3000. I would suggest that you eliminate the \$3000 and that you have no minimum. I don't think that you need a minimum. If the dealer is doing his job, and the dealer inspects the vehicle, and it is safe for the consumer, then why do you need a minimum?

When you are talking of vehicles less than \$1500, you are talking those individuals who least can afford to pay for a vehicle, and those individuals who can least afford to have the vehicle repaired, so it should be in a safe and effective manner in which the car is sold to them, so that they have use of this vehicle.

Also, while Mr. Healy was speaking,....you heard him talk about seven parts covered. Well, we have that in the Rhode Island law. Under seven parts covered, they really don't even cover half of the parts that are required under a local safety inspection....

(TESTIMONY CONTINUES ON TAPE 6)

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REP. FOX: So, what is not covered, Mr. Adamo?

MR. ADAMO: Things like windshield wipers...windshield washers... They should be at least guaranteed for 30 days. But they are all part of the safety inspection; they are safety components for the Rhode Island Inspection Laws that are not covered.

We are proposing, and we went to the Legislature this year and we made the following proposals to the Rhode Island Legislature...to eliminate the waiver provision, to eliminate the \$1500 amount and to eliminate the so-called seven parts that are covered. You would have all parts covered.

I think that based on our experience, we did submit this legislation, and we hope that it is going to get passed. I think what you are being...what the Dealers Association is trying to do is sell you the same bill of goods that they sold our Legislature, and that New York was sold. I know that New York has amendments in there to change their law also. What I am trying to do here today is to tell you: you know, don't take one step back. Go forward with what you have got. It is kind of what we had. We are hoping, maybe not to model it after yours... but with the elimination of some of these provisions, that we will have an effective law.

That waiver notice in there: that law is completely ineffective. Finally, there have been statements made in regard to the infinite wisdom of the Federal Trade Commission and their changing their rules.... Well, the history of that rule kind of goes back to 1976, when it was proposed and passed in 1981. It was only because of a blitz by the Used Car Dealers' Association that you got a Congressional veto which was later ruled unconstitutional by the United States Supreme Court.... The new Federal Trade Commissioner, at the time, appointed by President Nixon, James Miller got a three to one vote on a new FTC Commission to change that rule for the present rule.

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MR. ADAMO: (continued)

The proposed rule would have mandated that the Used Car Dealers make known to the consumer all known defects. The new rule simply said, says : if there is a warning to consumers, it is just a consumer education program, and just gets the consumer more information about who must pay for repairs and tells them to go seek an independent inspection.

REP. FOX: Should there be an obligation imposed on the Dealer to inquire of any defects when he or she purchases this car. I mean, how far do you think they ought to go? That is a pretty burdensome task, if we expect every used car dealer to familiarize himself with all possible existing defects in a given car.

MR. ADAMO: Okay. I don't know what the Connecticut laws are, but I know that in Rhode Island, it must pass safety inspection prior to the sale by the Used Car Dealer.

REP. FOX: We don't have a safety inspection process.

MR. ADAMO: Okay, well we have a safety inspection process. This kind of protects the consumer a little, because if these provisions are met, then it is safe for the road. A dealer should be forced to inspect the automobile, because there may be a major defect.

I will give you a good example in a case that we had in Rhode Island, where a woman paid \$2000 for a vehicle only to find out that it had a bent frame when she went to get the vehicle inspected. Had we not had on the books a law requiring inspection, she would have been forced to own that car and not have the use of it for the road. Because that law was on the books, she was protected.

Now, you can't tell me that the Dealer doesn't know if there is a bent frame on a vehicle.

REP. FOX: Okay, but let's assume...which is the case, that we don't have that process in our state....

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REP. FOX: (CONTINUED)

and that as a practical matter, I don't see that being adopted prior to this or even at the same time that this legislation is adopted, if that is what happens. Using that framework, what in your opinion, ought to be the responsibility of the Used Car Dealer? I mean, he is either going to have to ask an awful lot, or he is going to have to be certain that he asks nothing.

MR. ADAMO: I don't see any reason why a Dealer should not have that car, that vehicle inspected by whoever his mechanic is, whoever does his mechanical work...prior to either the purchase or the selling it. You know...by known defects, we are talking about major defects. We are not talking about something readily repairable.

REP. FOX: As I understand your testimony, you would support the concept that Mr. Healy referred to, if in fact that listing of 7 were to be expanded.

MR. ADAMO: I think you misunderstood me. It is quite the opposite. We have proposed legislation and had it introduced this past week in the State of Rhode Island to eliminate the Seven Parts Covered and to mandate that all parts are covered.

REP. FOX: That is what I am saying. If in fact all parts were covered, the seven were eliminated, and it was applicable to all parts, then...if in fact it was applicable to all automobiles, whatever the price...I think there was one other condition that you put on it.....

Oh, the elimination of the waiver.....

MR. ADAMO: Yes, okay. I think that is probably the most important provision in there, is the elimination of the waiver.

REP. FOX: Questions? Mr. Adamo, thank you for coming down from Rhode Island to speak with us.

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MR. ADAMO: Thank you.

REP. FOX: The next speaker is a Joseph...and I believe it is Auclair.

JOSEPH AUCLAIR: Good afternoon, my name is Joe Auclair. I purchased a 1980 Ford Pinto for just under \$6,000 and I immediately went back to the dealer and... or I called Consumer Protection, the Insurance Commissioner, the Department of Motor Vehicles. I found out that under law, there was nothing I could do.

The first thing that I did, or the first time I realized that I had a problem, I started to read the contract, and I noticed that the Dealer sold me a warranty insurance that cost me \$535.00, that turned out to be worthless to me. Within a couple of days, I went back to the dealer and told him the problems I was having with the car. The vacuum lines were a nightmare, the insurance...yes, the insurance was worthless. The transmission wasn't shifting right.

I went to a Transmission guy, an independent guy, and he said that he could try to modulate it, but that usually they just go on those cars. Like I said, they stuck in this insurance, and the first agency I contacted was Dealers in Repair. He said: you signed it, you own it. There was nothing I could do on that end.

So, I thought that at least I would use the insurance. I went back to the Dealer and I told him the things that were wrong with the car: it was stalling all the time because the vacuum lines were just a mess. I mean, the automatic choke wasn't working right because of the vacuum; the brakes weren't working right. The advance on the distributor wasn't working right....Anyway, the dealer said: well, you are on a 30 day 50/50. Wait until that runs out and we will fix it; we will fix everything on the warranty insurance, and it will cost you \$50.00. So, I said that I would wait.

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MR. AUCLAIR: (continued)

I didn't want the insurance; I didn't want the car, but I felt that I was stuck with it, so I might as well go with it. So, I waited as long as I could. I brought the car back and they kept it three days. They replaced....they said that they replaced some heater control, and they played with the vacuum lines, and they said that there wasn't really anything that they could really do with it, because they didn't really have a good diagram...because it was a Chevrolet dealer....and it was a Ford car.

They also said that they flushed the radiator, and they wanted to charge me one hundred and eighty-something dollars, but they said they would give me a break and they would go 50/50 and only charge me \$90. The heater still didn't work; they notified me that the air conditioning compressor was no good... needed replacement. They may be able to do this on the insurance, and they told me that the car needed major motor work, and they would break it down for me if I signed another release and if it wasn't covered in this insurance...that didn't cover anything so far...it would cost me another \$490 out of my pocket.

I said: no, and I got the car out of there. I tried to collect on that. Because I didn't sign a waiver on this repair order that said....there was a box. It said: sign this is you want them to do the repairs without consulting you as to the cost...or whatever. So, I specifically did not sign that because I had already gotten in trouble signing the sales contract. They did what they wanted to anyway.....and it seems that I am stuck again under the law.

Now, I tried to make a formal complaint with the Bureaus of Repair, and I hope I am a good instance of what happens and doesn't get on the record, because this is ridiculous. I am stuck for like \$6,000 over the next three years and a worthless car that my wife won't drive. It is unsafe. It

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MR. AUCLAIR: (continued)

stalls all the time. It stalls from the beginning. I have had to replace the master cylinder myself, the brake pads in the front. I am mechanically inclined, but I can't imagine to some people out there who...who get no recognition of their problems and aren't covered under the law.

Thank you.

REP. FOX: Thank you. Questions? John?

REP. WOODCOCK: Yes, Mr. Auclair. Thank you for taking the time to come to give us your personal testimony. When did your problems first manifest themselves?

MR. AUCLAIR: Right away. Before I got out of the lot, the thing stalled about three times, and I had to open the hood and play with the vacuum lines. He said: yes, that sounds better. I just thought.... because of the weather. I didn't....I hadn't had the car that long; you know, the engine sounded all right. I didn't know that it was going to turn out to be such a mess.

REP. WOODCOCK: You were here....you have been here all morning, correct?

MR. AUCLAIR: That's right. This is a vacation day for me.

REP. WOODCOCK: You heard the testimony of the Connecticut Automotive Trade Association about these insurance policies that they offer to consumers?

MR. AUCLAIR: Yes.

REP. WOODCOCK: Did you buy one of those insurance policies?

MR. AUCLAIR: Yes, I did. I told you; I bought it and I wasn't even aware of it. It was one line printed on the sales agreement. It said: Serve America...

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MR. AUCLAIR: (continued)

\$500 and something dollars... I had a baby with me when I made the deal, you know....and there were so many papers, you know...to read all that stuff. I know that I am a jerk for signing it and for being stuck with it, but that is ridiculous.

REP. WOODCOCK: Did you file a claim under the policy?

MR. AUCLAIR: I tried, yes.

REP. WOODCOCK: And what was your experience?

MR. AUCLAIR: They didn't.....I didn't get away with paying \$50.00. They wanted to charge me one hundred eighty something dollars, and like I said, they said they would give me a break, and only charge me \$90 which I had to pay.... and nothing was fixed.

REP. WOODCOCK: I know you are...

MR. AUCLAIR: Well...

REP. WOODCOCK: I know you are excited and I don't blame you, but....under this particular policy, you had to come up with some money, is that what you are telling us?

MR. AUCLAIR: I paid \$535 for this insurance.

REP. WOODCOCK: But when you filed...

MR. AUCLAIR: It was on the sales agreement.

REP. WOODCOCK: But when you filed your claim, what happened?

MR. AUCLAIR: They said it would have been \$50 deductible. This is what they told me all along....\$50 deductible. I said: well, that is all right, if I get the car fixed; it is worth it.

REP. WOODCOCK: But you did file a claim?

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MR. AUCLAIR: Yes.

REP. WOODCOCK: And when you filed the claim, what happened?

MR. AUCLAIR: They told me they wanted me to take a chance on another \$490 and they didn't fix anything on the insurance. I had....like I said, they wanted to charge me a hundred and eighty something dollars, and it cost me ninety-some dollars.

REP. WOODCOCK: Thank you.

REP. FOX: Mr. Auclair, thank you for taking the time to come up here and speak to us.

MR. AUCLAIR: I am not a speaker...

REP. FOX: No- you did a fine job. Thank you, sir. Next, we have two speakers. I think they are with the same organization....they may want to come up together: Bryant McBride and a Paul Hebert. You can come separately, if you like, but I just noticed from the listing that you are from....or affiliated with the same organization.

Okay, that is fine.

BRYANT MC BRIDE: Senator Sullivan, Representative Fox, Members of the General Law Committee, my name is Bryant McBride and I am a student at Trinity College in Hartford. I am testifying for the Connecticut Public Interest Research Group in support of a strong used car lemon law.

CONN PIRG is here today to urge strong support of the used car lemon law. CONN PIRG has maintained consumer hot lines for the last ten years. The number of used car complaints remains one of the most frequent and serious of all consumer problems. Make no mistake, our consumer complaints concerning used cars bought solely from dealers. Ask the Department of Motor Vehicles; ask the Department of Consumer Protection; ask the Federal Trade Commission,

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MR. MC BRIDE: (continued)

ask Legal Services or ask CONN PIRG. People who handle consumer complaints like we do know that the vast majority of used car complaints arise from dealer sales.

Why is this so? When purchasing a car from a dealer, people expect honesty, service and standards that accompanies an established and licensed business. Consumer also purchase cars from dealers because they know that the dealer has a repair shop. Accordingly, consumers are accustomed to paying more for dealer-sold used cars. A recent survey shows that consumers paid between \$500-1950 more for dealer-sold cars than they would pay for the same car on the private market.

In another survey conducted by CONN PIRG in 1986, the following results were found:

- Out of every 100 used car buyers, 37 complained that they were not satisfied with their purchases.
- Of those, 73% said that the vehicle that they had purchased had broken down within 30 days of the purchase.
- Of the defects, 36% said the problem was serious.
- 32% said the problem was moderate, and 29% said the problem was minor.

These statistics clearly show that this is a problem of giant proportion that isn't going to go away and simply can't be ignored any longer. These statistics also show that the majority of defects are discovered within the first 30 days following purchase and while the warranty included in this bill is of utmost importance.

The number of complaints issued in the first 30 days are substantial. Is it really that much to ask a business to stand behind its product for a mere month? The used car purchaser usually does not have

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MR. MC BRIDE: (continued)

the additional funds to repair a broken car. In most cases, the used car is a major investment that is relied upon for essential daily transportation. Without it, the consumer is at a great loss.

How much of an investment is a used car, though? The book prices of common cars shows the following:

-To purchase an '84 VW Rabbit, the consumer pays roughly \$4,250. Many used cars are more expensive than that.

Now, to have that car's engine burst into flames two weeks after purchasing it and to be told: I am sorry, you have to pay an additional \$1000 to have it repaired is indeed a catastrophe to the everyday consumer.

This survey also illustrates why CONN PIRG supports lowering the minimum coverage amounts to perhaps \$2000 or \$1500 dollars....

-An '84 Chevy Chevette, which as we all know is a popular, inexpensive car....would not be covered.

It should be. Furthermore, the law specifically that consumers should have the right of full disclosure by the dealer. All that is being asked for here is pure and simple honesty. In conducting a dealer services survey, I came across several dealers that offer full 30-day, and in some cases, full year 100%, all parts warranties. When I asked them how they were able to do this, they replied: we take pride in our product. We sell inspected, safe cars at equivalent prices and we do everything in our power to be upright and honest with our customers.

First, I ask you, if these dealers can offer these services, why can't everyone else? Moreover, why

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MR. MC BRIDE: (continued)

should these honest dealers and the consumer be hurt by the high pressure, unscrupulous dealers that, in effect, hurt the entire industry with their unethical practices?

In conclusion, what House Bill 5605 is all about can be summed up in one word: fairness. Fairness to the honest dealer and to the Connecticut consumer. Each year in which we fail to enact this legislation, hundreds more people will be ripped off with nowhere to turn. Some of the people who have been ripped off are here with us today. Listen to their testimony.

If the General Assembly fails this year, there will be hundreds of new lemon buyers here again next year. Members of the General Law Committee, here is hoping that your deliberations on 5605 will prove fruitful for Connecticut car dealers and for the consumers.

REP. FOX: Mr. McBride, let me ask you a question. We are getting a lot of numbers bantered around here today. Your statistics which are referred to in the bottom of page 1 of your statement...who performed that survey? How professionally was it done? How accurate is it?

MR. MC BRIDE: Okay, that is...that survey was prepared last year, and Mr. O'Rourke can better answer that for you.

JIM O'ROURKE : My name is Jim O'Rourke; I am the Legislative Director for CONN PIRG. I have been working on this bill for the past three sessions in the Legislature.

We performed that survey ourselves at CONN PIRG last year using data that we got from the Motor Vehicle Department. We took a day of title transfers from Motor Vehicle's computer list and we.....It is

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MR. O'ROURKE: (continued)

is fairly complicated. We had to call through quite a few numbers to find just used cars. We finally surveyed a pool of 150 people who had bought used cars from dealers on that day, and...you know... that represented the whole State of Connecticut... a fairly random survey.

Those are the data that came out of that survey.

REP. FOX: Questions? Thank you, sir. Our next speaker is a Paul Hebert.

PAUL HEBERT: Representative Fox and Committee Members, my name is Paul Hebert, and I am here to testify on Committee Bill number 5605. I also work for CONN PIRG, but I am here today as a consumer.

This summer, I was able to convince my parents that I needed a car up at school, and they went along with it as long as I could financially afford it. I set my limitations to under \$2500. I found a car for \$2450, it seemed in reasonably good shape. I am here today to support...to show my extreme support for a few sections in this bill...specifically section 6a, which deals with disclosure.

Among my defects were a fuel pump, a muffler, a heat sensor, a water pump, a thermostat, and a gas tank...also were the brakes, which when buying the car, the salesman told me: the brakes are fine. Within a week, I had to repair the brakes, because they started to squeak.

REP. FOX: Did you bring it back?

MR. HEBERT: Excuse me?

REP. FOX: Did you bring it back?

MR. HEBERT: Did I bring it back?

REP. FOX: When the brakes were a problem?

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MR. HEBERT: No, I didn't. I brought it to my mechanic.

REP. FOX: Why didn't you bring it back to the dealer?

MR. HEBERT: He had originally told me that the back brakes might be worn down, to get the back brakes checked. I got them checked: they said, no problem. I will have the back brakes put on. But my mechanic took the car and told me that the front brakes were worn down, too. He told me... my mechanic told me personally that I probably wouldn't have any recourse under the laws in effect.

There is also a problem with a water leak in my car, which has been tried...has been attempted to be fixed three times. When the car was sold to me, I asked the salesman: has it every been in an accident? He told me no. When I brought it to the mechanic, the mechanic had noticed that in order to hide a crack in the body, they had undercoated the inside of the car and that three times, he has unsuccessfully tried to patch this crack in the car, and I presently have about an inch puddle in the back of my car.

Besides that, I would like to testify also on section 2B, which deals with the price setting of a minimum of \$3000. I see this as unfair, especially for college students such as myself, who don't have as big a budget as other people. Under this law, I would never have any recourse. I believe that there shouldn't be a minimum, to protect everyone. Not just the people wealthy enough to buy a car over \$3,000.

Also, in reference to the half percent of one percent of complaints filed with the DMZ, this statistic is in no way representative of the reality of the situation. Number one and in recent CONN PIRG study, we proved that 61% of the 150 people surveyed that was already talked about by Jim... didn't even know that there was a Government Agency that they could turn to if they had a problem. They had no idea of this. Another reason is because

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MR. HEBERT : (continued)

of my personal experience, the fact that...my mechanic told me that I probably wouldn't have recourse under the present laws. I believed my mechanic; he is a personal friend of my family, and my damages....I mean, what the repairs added up to was \$1000, which I, as a college student, don't have. I limited my budget to under \$2500 to be able to pay for my insurance expenses, but now I also have to ask my parents for \$1000 to help pay for this extra cost of all these things that went wrong with my car.

\$1000 is relatively cheap for what went wrong, because the mechanic that I have is a personal friend of the family.

That's it. Thank you.

REP. FOX: Any questions? Thank you very much. Next speaker is a Dawn Ouelette? She is not here right now. The next speaker is a Catherine Prishwalker, I believe that is is.

CATHERINE PRISHWALKER: Good afternoon.

REP. FOX: Good afternoon.

MS. PRISHWALKER: I am here as a consumer, and I would like to relate to you the importance of the used car lemon law and exclusion law. My personal experience....I can really say that it was a year and three months of hell, trying to prove that something was wrong with the car prior to my purchase....

Trying to prove that something was wrong with the car prior to my purchase was like beating my head against a brick wall. It took a year and three months going through....

REP. FOX: Legislators are usually deaf and you have to yell at us.

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MS. PRISHWALKER: (continued)

It took about a year and three months of going through the Better Business Bureau arbitration, where I lost because I had purchased a GM motor vehicle from a Ford dealership. I had no claim.

I went through the Motor Vehicle Department. I was put on the computer and each time I complained about a repair not being repaired, they would call the dealership and say, "Expect her to come in." "Repair her oil leak." "Repair her horn." "Repair her dome light." This went on constantly. The horn even would go off at 2:30 a.m. on a cold winter evening. The police had to call and rouse me because the car was locked and the horn was blasting. This just happened last month also.

I went to the Consumer Department of Protection. They re-referred me to the Motor Vehicle Department. In the interim I had to put in parts into the car. The car still leaked oil. I finally went back to the Consumer Protection Department, under the guidance of my State Representative. My local representative, I'm sorry.

The Consumer Protection Department did look at my claim, with all my worksheets, which is a briefcase filled with papers, and directed me back over to the Motor Vehicle Department.

In the meantime, prior to going to the Consumer Protection Department I had a title search done. We found that my car came from down South and snuck into the state, now this is where we do need a disclosure law. The cosmetics were wearing off the car. The paint on the back and the trunk were showing another color. The bumpers did not originally belong to the car. The circuit panel, the electrical panel didn't seem to be the original.

Well, I'm one of the fortunate few who "lucked out." The Motor Vehicle Department did find an odometer change of approximately 50 thousand miles on my car. Now - talk about low mileage. I bought the car with a fairly low mileage on it, thinking

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MS. PRISHWALKER: (continued)

it would last me a few years under finance charges, etc., and I'm very grateful to the State, but I think we need stricter laws to be enforced with dealers.

I was harrassed. The dealership became very violent. They laughed at me. They tried to discourage me. But I'm glad I kept at it.

REP. FOX: Can you tell me - I didn't quite get the time frame on this, how long ago did this occur?

MS. PRISHWALKER: A year and three months. I got the car in the latter part of November 1985.

REP. FOX: I think you also said you went through the State arbitration process?

MS. PRISHWALKER: The Better Business Bureau.

REP. FOX: The Better Business Bureau - okay. So it wasn't the State arbitration procedure then that was set up.

MS. PRISHWALKER: No.

REP. FOX: And there was a finding there that there was no liability as far as you were concerned? I didn't quite get that. That was because it was - what kind of car did you say it was?

MS. PRISHWALKER: It was a General Motors car.

REP. FOX: Which you had purchased -

MS. PRISHWALKER: At a Ford dealership.

REP. FOX: And because of that they said it was not - the procedure was not applicable to you?

MS. PRISHWALKER: Right. Right. I had no claim - no legitimate claim with General Motors. As it was purchased at a Ford dealership it was a used car. And it was off the assembly line for what - three years - so I had no claim.

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REP. FOX: And how many miles did you think it had on it when you purchased it?

MS. PRISHWALKER: Thirty-eight thousand.

REP. FOX: And you subsequently determined it was over fifty?

MS. PRISHWALKER: Adding that 50 it came close to 100 thousand.

REP. FOX: Oh, okay. That was a new 50 you had. Any questions?

REP. WOODCOCK: What are you from?

MS. PRISHWALKER: Branford.

REP. WOODCOCK: Branford. And what year was the car?

MS. PRISHWALKER: A 1983.

REP. WOODCOCK: Chevrolet?

MS. PRISHWALKER: Oh, I'm sorry. A Pontiac Phoenix.

REP. WOODCOCK: A 1983, Pontiac Phoenix.

MS. PRISHWALKER: Four-door.

REP. WOODCOCK: And how much did you pay for it?

MS. PRISHWALKER: Approximately \$6 thousand, that's including tax and finance charges and insurance.

REP. WOODCOCK: Was the insurance helpful to you?

MS. PRISHWALKER: No. I bought the insurance because it seemed as though it was mandatory - which I didn't know. And it was a life - and a guarantee in case I was to leave this Earth and leave a loan.

REP. WOODCOCK: Life insurance. They sold you a life insurance policy with the car. How creative.

MS. PRISHWALKER: Dealerships are becoming insurance

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MS. PRISHWALKER: (continued)

pushers now.

REP. WOODCOCK: We found that out this morning. They were already in here and they

MS. PRISHWALKER: It was quite a morning

REP. WOODCOCK: Okay. Thank you. You paid \$6 thousand dollars for a 1983 Pontiac and you had nothing but headaches from it

MS. PRISHWALKER: From day one. From day one.

REP. WOODCOCK: And you tried to get the dealer to respond and they just weren't responsive.

MS. PRISHWALKER: I was quite (inaudible). They agreed when the Motor Vehicle Department would call, they said yes, have her call for an appointment and we'll fix it. But in the interim, they weren't fixing it. No one from the State could come down to see that the repair work was done. It was just word of mouth. The dealership claimed that it was fixed. I was saying it wasn't fixed. It still leaked - the horn still blasted - of I'd lose the horn. And this went on until August and finally I went to the Better Business Bureau. I was tired of it. I was in the shop maybe for about two months, every Saturday. And I sat there because I had exhausted my rides to and from the dealership.

REP. WOODCOCK: Thank you. Thanks for coming.

REP. FOX: Thank you very much. Next speaker is a Doreen Johnson.

DOREEN JOHNSON: Good afternoon, Congressmen and Legislators.

On August 20, 1985, I purchased a second-hand car. And I used a '78 Pinto Wagon as a trade-in, at which time they gave me \$899 dollars and it cost me \$716.50 on a credit card for the balance. I'm

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MS. JOHNSON: (continued)

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not financially able to purchase any higher amount of cars. When I drove the car off after already owning it for two days, the - I went to the nearest gas station and filled the tank up with gas. Maybe 10 minutes after, on the street driving my daughter and I acquired nausea and headaches from the smell of gas. We turned around, went back, explained to the dealership what was going on. They held me there and checked it out for four hours. They found out that there were leaks - massive pinholes - in the gas tank. They soldered them, but they got mad because I filled my tank up with gas.

I then felt that everything was okay - but at the time that I was leaving - after purchasing the car, the salesman happened to mention, "Oh, by the way, your car is burning a little bit of oil." An after fact when I had signed the papers. Never letting me know what was wrong with the car.

After I - excuse me. After I had talked with them about the gas tank - a few days later I was still having smells in the car and I couldn't deal with it. So I called them up and they had me bring it back on a Thursday. I brought it back, they took a padding out between the tank and the car. I also told them when I would go in reverse the car would 'clank'. They never did anything about this. At that time I mentioned to the mechanic how the salesman had talked to me about the oil burning. And I said that he suggested I put Mystery Oil in with every quart of oil. He said, "No, you don't want to do that." He said that's going to loosen up all the gunk that builds up in the engine that's holding it together. He says you want to use 20-50 weight oil. I said, "Okay." And that to me also did not sound right. The highest weight of oil I've ever heard anyone having to us is 20-40 and that's in the Winter - and I'm no mechanic. After I left there again, I noticed that I was already down a quart of oil. At 143 miles an hour I was going through a quart of oil.

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MS. JOHNSON: (continued)

They said that it could be - they weren't sure. They needed to have it checked out. I brought it in for a compression check with a witness and they said it checks out okay. But I still wasn't satisfied.

At that time, I left the car there. Being three days of my own ownership I never had the car. They said they'd allow me, because it was a weekend, to take the car home. I said, "No, I've got a driver to take me home. I'll keep the car here." And he said, "Well we'll extend the warranty." Which was a limited warranty. I said, "No, I'll leave it here until you come up with a solution as to what is causing my engine to burn oil."

A few days later he called me back and he said, "It's blown. Your engine is shot." And I said, "Can you get a reading on a compression check if you've got a shot or a blown motor?" He said, "No." And I said, "Well, I did."

At that point they were wishing-washing me back. I was dissatisfied because they were saying I was responsible for half of the repairs and half of the motor. I said, "No, I'm not. Because the way the salesman spoke to me and the fact that he had misrepresented me when I brought up the issue of the hot wire on the motor." I had asked him what the reason for that was. He said, "Oh, there was a mother and a woman up in Cheshire that owned it and they must have needed to keep the engine warm." Which was not true.

I had a title and search done because when I was owner of that car for two days - not having it in my possession - supposedly a tune-up and a complete inspection was supposed to be done and an emissions control was supposed to be done. I received the car back and yet the tune-up tag showed a year prior. The date was off.

I started to get suspicious on whether the motor

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MS. JOHNSON: (continued)

was right or not because the condition of the car was basically to the condition that I used as a trade-in. There was 9 thousand miles less on their car that they were selling me.

I went and had a title and search done and found out it wasn't a woman in Cheshire who owned the car and that's why she had the hot wire on. It was a man from Missouri. And that's why the hot wire was on. I was misrepresented as far as original ownership.

REP. FOX: Can you tell us again what was the make, model, and year of it?

MS. JOHNSON: It was a '77 Ford Pinto Wagon and it was an automatic and I traded in a standard for it.

REP. FOX: Okay.

MS. JOHNSON: I had to go to court.

REP. FOX: And what was the final result?

MS. JOHNSON: I won my case, but it had been (inaudible)

REP. FOX: So what were they obligated to do?

MS. JOHNSON: To give me all my money back. I demanded it. They wanted to - under - talking with my attorney who I was fortunate to get - wanted to make a deal - a new - a used engine with about 75 thousand miles on it, \$500 dollars in cash, and a six months warranty. I said, "No." I said, "I'll still have to pay off the credit card for \$500 dollars, still owe a balance. A year and a week of financial inconveniences, renting a car, insurance, toll calls, everything." I said, "No, I want it all back."

They had sent a salesman out in to the hallway while my two attorneys discussed the situation. And when they came back and they said to me, "She

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MS. JOHNSON: (continued)

won't take it." They said, "What does she want?" Their attorney had spoken with the salesman and found out what actual grounds I was fighting my case on. They said, "Just a minute. We'll go in and make a phone call." When they went in and made a phone call they came back and said, "She's got it."

I was fortunate. But it was also a very incapacitating year for me. And all my neighbors that helped me out. Not everyone can do this. But I think that the list of discrepancies on a car should definitely be there and there should be no financial limitation. Because there are a great deal of people who are in an extreme limited amount of income - could never afford even a \$16 hundred dollar cost. But yet they're going to be at the mercy of the salesman.

REP. FOX: Thank you very much. Thank you for taking the time to come and testify.

MS. JOHNSON: You're very welcome.

REP. FOX: The next speaker is Michael - I'm not sure of the last name - it's Orosco - yes sir.

MICHAEL OROSCO: I purchased an '83 Camaro and the car had 38 thousand miles on it. (inaudible) so I put (inaudible) for the winter and took it back out of the garage again to drive it when the summer came back. It made this loud clicking noise. What happened was that my main bearing was shot. The engine right there was just blown. And because of that I didn't even want the car anymore and I just took it back down to the garage and told them I didn't even want it the engine was blown. And now my credit is shot. And they also forgot to tell me that the car was involved in an accident. I found out from another alarm dealer from across the street who worked on (inaudible) that the car had been in an accident and the car was repainted you know from another

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MR. OROSCO: (continued)

color. And I definitely think either 30 days or 60 days is not enough. Because I paid \$75 thousand dollars for my car and I think (inaudible) for at least about a year. I think a year is more appropriate than 30 or 60 days.

REP. FOX: I didn't quite catch the make and model of the car and when this occurred?

MR. OROSCO: It was an '83 Camaro.

REP. FOX: And when did the situation occur? When did you buy it?

MR. OROSCO: I bought it in '86.

REP. FOX: Okay. And did you go to the arbitration

MR. OROSCO: In '85.

REP. FOX: '85. Did you go through the State arbitration process?

MR. OROSCO: They

REP. FOX: Oh, that's true - I'm sorry. Okay, you wouldn't be eligible. I stand corrected. Okay. Are there any questions? Yes, John.

REP. WOODCOCK: Did you buy the car from a dealer?

MR. OROSCO: Yes.

REP. WOODCOCK: And was the dealer respon- when you brought the car back after you had the problem, what kind of a response did you get from the dealer?

MR. OROSCO: It might cost me about a good \$17 thousand, \$17 hundred dollars. That was my response.

REP. WOODCOCK: Was there a warranty that came with the car?

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MR. OROSCO: About 30 days - which wasn't enough.

REP. WOODCOCK: And how many miles did you put on the car before the problem happened?

MR. OROSCO: I put 6 thousand miles on the car (inaudible) But they - they were in a hurry to give me a loan

REP. WOODCOCK: Who is they?

MR. OROSCO: GMAC - because they suggested that I take out another loan to pay for the damages. And I asked them again if the car was in an accident and they still denied it.

REP. WOODCOCK: Where are you from?

MR. OROSCO: Hamden.

REP. WOODCOCK: Hamden. Thank you.

MR. OROSCO: Excuse me.

REP. FOX: Thank you, sir.

MR. OROSCO: Thank you.

REP. FOX: Our next speaker is a Paula Harlow.

PAULA HARLOW: Good afternoon.

REP. FOX: Good afternoon.

MS. HARLOW: My name is Paula Harlow and I'm just representing myself. We purchased a - we recently moved down here from Vermont - about two years ago. And we decided we wanted a bigger car for safety reasons with two small children. So we went to M&E Ford in Meriden and we purchased a 1984 Bronco II. I didn't want the larger model because it was just too big for me to drive. I've been used to smaller cars. But we decided for safety reasons that we wanted something that I could handle and at the same time would be safer on the highway since we would be going back and forth to Vermont

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MS. HARLOW: (continued)

a lot to visit our friends and families.

Anyway - we purchased the - we went to M&E Ford, they gave us a very good sales line and the car looked good and we bought the car for \$91 hundred dollars and change. And we had decided that rather than taking out a loan we would use our savings. So we took the money out of our savings, paid for the car in full, and we had the check all made out ready to go and pick up the car on July 8th of '86, which was when the car was to be ready, and we got there and it wasn't ready to go. So, we turned around and went back home again.

They said they would call us when it was ready. Apparently they were having a problem getting it through emissions and inspection. So we called them daily to see how the car was coming and if it was ready to be picked up or not. Because at this point I had a check for \$91 hundred dollars in my hand and if it was going to be a couple of more days I had actually thought of re-depositing it to the savings account.

Well, this went on, and on, and on. Thirty days later, to the date, they called. The car was ready to get picked up. We picked it up. Got it home. The next day the car was dead in the driveway.

REP. FOX: What was their explanation with respect to the delay? You said there was an emissions problem. Was that the only excuse they ever used?

MS. HARLOW: They said that it - I got a copy of the - I finally ended up contacting the Attorney General's Office and they did some inspecting on all this and they sent me some copies and one of the things it says that it smoked. And they couldn't get it through emissions because it was smoking. They ended up having to put a rebuilt engine into it. Which they notified us of and we said what could we do at this point?

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REP. FOX: They did that prior to your taking possession of it?

MS. HARLOW: Prior to us picking it up. So we owned the car for one day and it died in the driveway and

REP. FOX: When you say 'died in the driveway' - you just couldn't get it started?

MS. HARLOW: Nothing. Nothing.

REP. FOX: Okay. Then what happened? Did you call them? Did they -

MS. HARLOW: I called them immediately and they came and they towed it. And since that time it has been back to the garage - we're going on seven months now. It has been back to the garage over 15 times. It leaks oil or some kind of transmission fluid. They're really not sure, but as it sprays under the carriage it comes all over the back window. And it just stalls and it won't start. And it has stalled on the highway - you know you could be doing 50 miles an hour and you go to slow down or pass someone or do something and the car stalls. And you have no idea that the car is dying, until it's totally stopped. And we have had I'd say three or four very close calls with the children in the car and it has gotten to the point now where I can't drive it. I don't drive it at all. Because I think someone is going to get killed. And my husband was the one that was doing the driving of the car and I really wasn't involved in any of the maintenance wrangle that was going on at M&E Ford until the time that - it was in the middle of last winter - and we were - I was on my way to work and for some reason I decided to go a different way than I usually do and I look on the side of the road and I saw two little kids standing on the side of the road. I looked over real, real fast and I said to myself, "Gee, aren't those kids cute." Because for a second I didn't realize that they were mine. My husband - the car had died and my husband had to push the car out of traffic, but he didn't want to do it with the kids in the car. So - age 2 and 3 - he made

MS. HARLOW: (continued)

them promise to stay on the side of the road and hold each other's hand, rather than to leave them in the car and push the car.

Well, this has happened about four or five times. The kids have had to get out - he has had to walk to work. I have called the garage - for seven months I've been doing this.

I have been to - I wrote a letter to the Dealer and Owner Relations in Waltham - they turned our letter over to New Jersey. New Jersey Ford people sent us a note that they're very - a one-liner - that said we're very, very sorry, but you purchased a Dealer Warranty - you didn't purchase a Ford Warranty and because your car has more than 40 thousand miles we can't help you. Sorry.

And it just so happens that when we bought the car it had 40,046 - now whether that was coincidental, whether they knew that they were safe over 40 thousand, I don't know. It seems that for 46 lousy miles over the warranty they won't touch the car.

REP. FOX: Where are you now with it? What's happening with the car now?

MS. HARLOW: Our latest step is - well, we've been to private counsel in New Haven and she had advised several weeks there and she advised the Better Business Bureau, which I called. And the Better Business Bureau said that Ford vehicles they don't handle. They have their own arbitration board, you have to go to them.

So we went to - our latest step is waiting to hear from the Ford Appeals Board. I wrote to them - I have to fill out all their paperwork and send in all my repair bills and I keep doing this and nothing has happened.

REP. FOX: How has it been left with the dealer? The dealer is simply taking the position they can do no more?

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MS. HARLOW: The dealer says bring it back, we'll try again. We have tried seven months, a stack of bills, you know, and a lot of wasted time from work and a lot of aggravation. Plus, the fact that the car is unsafe. Someone is going to get very hurt.

And I have been back to the dealer and he - they - I think that they - they're not totally washing their hands of us, but they can't fix it. I have asked for our money back. And they said they will not give us our money back.

I have not asked for seven months of aggravation. I have not asked for time lost from work - or everyone of these calls is a toll call. I have not - the car died when we took it on a trip to Vermont in the middle of the road. We had to get it repaired and get it back here again. And that cost us money. We didn't ask them for that money. I'm not asking them for money for my time out of my pocket. I'm asking them for original purchase price back and they said if you want it go get a lawyer.

I contacted a lawyer and she basically said that she would take the case, but she has advised that legally, she says, "I think you have a very good case." Because for some reason I decided to keep a diary and I don't even know why. But from the first day that we owned the car, I have kept a diary of the toll calls, the amount of time that we have spent, et cetera, and the lawyer says legally we have a very good case. But practically she says that you have to give the truck back to them if you take it to court and it could go on for two to four years. And you're without a vehicle.

I have been to the Dealers and Repairers of Motor Vehicles and, in fact I just talked to them yesterday, and they said that if I want a copy of the report I had to send in \$3 dollars, which I sent them, to get a copy of this report. It was a handwritten report that was Xeroxed that I could

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MS. HARLOW: (continued)

hardly even read because the Xerox was so light. And after you read the report, it looked like the dealer was bending over backwards to help us and that we were the ones that were not complying. And on the bottom of the Dealer and Repairer's Report it said that as far as we're concerned the dealer is willing to continue to try no matter how many times it takes so this case is closed.

I called them up and I said, "I don't want this case closed. I want it reopened." They said I have to write to some Lieutenant something or other to reopen the case.

They have - M&E Ford says that "we offered the Harlows a car of significant - of similar value and they downright refused." And that's a downright lie. They offered us another Bronco with 70 thousand miles on it and wanted us to trade even. And we said, you know, that's ridiculous. And they said, "Well, we tried, that's it!" And they totally washed their hands of us. But according to the Dealers and Repairers they said ask us to bring it in any time and we'll take care of it. Every time we bring it in - which has been 12 to 15 times now - it's in the shop for five to seven days. And we're without a car. And this has been going on - I have a nine month, nine thousand miles - and we're getting on to nine months.

REP. FOX: Are there any questions? Tom.

SEN. SULLIVAN: As you understand this proposed bill here, do you think that you would be afforded adequate degrees of protection under this proposal before us?

MS. HARLOW: I think that's the only the way the dealer - I think the dealer would listen to us a little more - or possibly, I don't know if he would try a little more. But I think that with a bill of this type, it would help a small person like myself. And I'm fighting for it. I've got no way

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MS. HARLOW: (continued)

of winning anything. And I think that they might listen to us a little more if there was some type of law on our side. I don't know what the figure of the law should be. I don't know how much a used car should have to cost in order to get under this bill, but I know there has to be something. Because we are out \$91 hundred dollars and nobody will help us.

REP. FOX: John.

REP. WOODCOCK: Where are you from? You didn't give your address.

MS. HARLOW: I live in Portland.

REP. WOODCOCK: Portland, Connecticut.

MS. HARLOW: Yes.

REP. WOODCOCK: And, what was the warranty that came with your vehicle?

MS. HARLOW: On the bottom of the page it said the usual 30 days, one thousand miles. And then it said on the top the VTM Warranty for nine months or nine thousand miles.

REP. WOODCOCK: What does that mean?

MS. HARLOW: And, I'm not sure what that means to tell you the truth. But I looked at it that it meant that we had nine months or nine thousand - I mean we got the usual 50/50 that - but it never even made it to the 30 days - I mean it was dead day one. And they've never been able to fix it.

REP. WOODCOCK: Have you related to the Motor Vehicle Department your concerns about the safety of this vehicle.

MS. HARLOW: Yes I have. And he said, "It doesn't matter no matter how many times you take it back, as long

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MS. HARLOW: (continued)

as the dealer is willing to see your vehicle, then there's nothing they can do." And they have closed the case. And that just totally frustrated me because they - I have a copy of the report - if you read the report it says we called so-and-so, so-and-so at M&E Ford and they said the following. Then we called the Harlows and they said the following. It was not accurate.

REP. WOODCOCK: You know it's in the bill that's before the committee today that a person in your situation if the dealer couldn't correct the same major problem after three repair attempts, they'd have to give you your money back. Are you aware of that?

MS. HARLOW: Yes. You know, I think that

REP. WOODCOCK: Obviously this bill would help you.

MS. HARLOW: Obviously it would have helped me five months ago because the car was in three times in the first week of owning the car. And it has - you know they have come out to tow it with no charge to us, but the vehicle is unsafe and I think that it's an unfortunate thing to say, but I think M&E might listen to us a little more if somebody had gotten hurt. But nobody has, so they're just

REP. WOODCOCK: You've let them know about the safety concerns?

MS. HARLOW: I let the used car manager there (inaudible) my husband was involved with (inaudible) I actually got my life endangered by it then I began to take over and get involved.

REP. WOODCOCK: You told him that your kids were involved in this concern?

MS. HARLOW: Yes, and he said that - the dealer said to me, "I don't know why you're driving it that vehicle is unsafe."

REP. WOODCOCK: The dealer said that?

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MS. HARLOW: Yes. And I said, "Well, what am I supposed to drive?" He said, "Well are you concerned about your welfare?" And then the last time it died was during a snowstorm and I was coming down a hill, I had picked up the kids, and unfortunately I wasn't supposed to have - when we wake up in the morning we have to wait and see the weather forecast. If it's going to be rainy or damp or any type of rotten weather, the one who is not picking up the children from day-care will take the bad car. So basically we're only going to endanger one of our lives instead of the two children. And this particular day I wasn't supposed to have the truck. And because it was so bad out that we closed the medical office where I work and I had the car and I had to go get the kids. And I was coming down a road in Middletown and the car died. And I didn't know it died because of the street noises and snow plows outside. And I lost the power steering, I lost the power brakes, and I had no control whatsoever over the car and I just about hit somebody - hit a car - but I didn't. And after the whole thing was over and my heart was racing a mile a minute, I said that I wished that I had hit something so that somebody would do something about it.

REP. WOODCOCK: Thank you.

MS. HARLOW: You're welcome.

REP. FOX: Mrs. Harlow, thank you very much for taking the time to speak with us.

Next speaker is Philip Gordon. Mr. Gordon is not here.

The next speaker and the last scheduled speaker on this bill is Fred Blasios.

FRED BLASIOS: Good morning. I've been listening to the testimony this morning. I'm a Chevrolet dealer from Waterbury, Connecticut and I just want to make a couple of comments. I have visited the capitol over the past several years

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MR. BLASIOS: (continued)

and this 4/10ths of one percent was a number that came out of a study group. You recollect two or three years ago, you appointed a study group to determine the feasibility, the desirability of a used car statute. And that 4/10ths of one percent came out of that group.

I'm not sure I agree with it, but nevertheless that's where that number came from.

I've listened to the Motor Vehicle Department being chastised. They certainly - I don't suppose there are favorite people, but I do want you to know that if a Motor Vehicle Department - any inspector - gets involved with a complaint they tend to be pretty thorough and pretty severe with a dealer to make sure that the customer gets a fair shake.

One problem that I have - one of the problems I have with this bill - we identify a dollar amount. Now, let me give you the real world - what happens. If we have a two year old car comes in - let's suppose it has a selling price of \$8 thousand dollars because it has 30 thousand miles. Then we have a two year old car that comes in with 80 thousand miles and the price is \$5 thousand dollars. There obviously is a significant difference and probably the car would be sold with an extended warranty - that car with 30 thousand miles.

Now that car with a lot more mileage on it would be sold for substantially less and there are customers out there who can only afford \$5 thousand miles, but might look at that car and say well that looks like a pretty decent car for that kind of money I think I'll take - I'll pay the \$5 thousand dollars rather than the \$8 thousand dollars and buy that car. Obviously, this car because of the mileage on it would have to be sold as is or without a warranty. Of course it would have to be safety checked and so on. So effectively, what you're doing is that you're

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MR. BLASIOS: (continued)

legislating that man who may buy a two year old car with a lot of miles on it out of buying a car.

What you're saying is that - to me - that I can't sell it to him and that doesn't seem to make an awful lot of sense.

Assuming in Waterbury there are a lot of people who repair cars. They'll buy a car that might have a broken engine or something. It might be an expensive car.

But here, you're going to say to the person, "You can't buy that car and fix it yourself."

I'm not sure that's what you want to do. And are you really serving - certainly that type of consumer you're doing him a disservice.

If we take those cars and we eliminate them from the marketplace, what then would happen to the salesman or whoever who puts on 40 thousand miles a year on a car? After two years he might want to trade in 80 thousand miles. I cannot sell it to a retail customer. I must dispose of it someplace. What will I do? Would I send it up to Massachusetts or out of state? And what is the additional cost on the part of that consumer who trades the car in. Because we simply would not have a market for the car.

REP. FOX: Let's assume for the sake of argument that this bill became law. Are you saying that - well, let me ask you, what do you feel would then happen to the \$5 thousand dollar car? You're saying they're not going to be on the market or are you saying they simply are going to be \$6 thousand dollars, or \$7 thousand dollars.

MR. BLASIOS: Well, it would have to be one of the two. In other words if you were to buy a warranty program to cover that automobile, it would be

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MR. BLASIOS: (continued)

substantially more.

REP. FOX: Do you have any idea of how much more it would be? I mean as I understand the testimony earlier, those particular policies are not all that expensive.

MR. BLASIOS: Well not when you get into high mileage. You know, there are different prices. Some of these cars simply are not eligible for a policy. I don't know what the numbers are now. It used to be 50 thousand miles. You could not buy a warranty program over that amount.

REP. FOX: So in the real world, as a practical matter, what do you think would happen with that relatively new car that had 80 thousand miles on it?

MR. BLASIOS: In the real world would probably dictate that it would have to be shipped out of state.

REP. FOX: Okay.

MR. BLASIOS: Wherein you've saturated a market in the nearby state, you'd further depress the price of the car.

Let me take me. I do not sell 80 thousand mile cars. I don't feel that I want to deal in that kind of business. However, I have wholesalers or other used car dealers who perhaps will deal in that kind of a car. If I have taken them out of the market, then where does that car go?

I think the important thing (inaudible) there are a lot of people who want to buy that type of car and fix it themselves and effectively you're saying you can't do that anymore. You can't buy that car.

The other thing on this bill that I just wanted to mention that is particularly onerous to me, is this - is the three day rescision on a sale. You

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MR. BLASIOS: (continued)

know I like to feel I'm as responsible as anybody else in business in this state, be it a lawyer, or whoever, or by gosh if you're going to- you know if my services or my product is going to be subject to a three day recision, well then we'd best do the same for whatever professions that we have in the state.

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REP. FOX:

Well Mr. Blasios, you seem like a very reasonable man and a very competent businessman. What I have trouble with is what should we say, what should our response be to someone like a Mrs. Harlow whose testimony I think you heard? Are we to simply ignore that or are we to say that that was an unusual situation? I don't mean to be sarcastic or argumentative.

MR. BLASIOS: I understand exactly what you are saying. I have had my share of horror cases. Obviously your product with 14,000 parts in it, you are going to run into a product and I think that members of the legislature when we got that put together - the end result of it.

There are going to be horror cases. I don't know how you can legislate out all these people who want to buy that car with 80,000 miles on it or those back yard mechanics who want to buy these cars.

If we take the idea that we have a sticker on a car, and every dealer, even a gas station, must have the sticker on the car identifying exactly what the warranty is, whether it is one hundred percent for sixty days, or twelve months, or whatever it may be, I don't know how much more we can protect the public and to do a thing like this. I'll probably have one a year - the horror case that we heard about before. I try to do something about it. As a matter of fact, certain legislators had called me about problems and I wish that you folks, if you had a horror story, that you would call our office over there. We want to lease our own also. I would certainly leave that option open to you folks.

REP. WOODSTOCK: It is very nice to see you John. Your criticism concerning the right of recision part of the bill. You basically feel that the bill should
INAUDIBLE

MR. BLASIOS: That is correct. And this would be a real problem with respect to paperwork?

REP. WOODSTOCK: Let me get back to the real world again John. I can't remember the last time a kept a deposit. Invariably I'll give it back. But I do resent you or anybody else walking into my business and saying you have to give it back and I don't. It is like you getting somebody with a divorce and three days later coming back and saying I decided not to get a divorce, give me my deposit back. I think if I am not going to do it to you, then don't do it to me. I think you made a good point and I am sympathetic to it.

There is a bill that the committee is going to be considering that is sponsored by the Department of Consumer Protection that deals with the deposit issue. So perhaps it is not necessary for folks to have Section 8 in this particular bill. To respond to your criticism concerning the backyard mechanic or the person wanting to buy the high mileage vehicle, I think that the bill addresses that to. Correct me if I am wrong.

It addresses that in two ways: Number one is a three thousand mile threshold, and I don't know how many vehicles over 80,000 miles cost more than three thousand and Number two part of the bill says that a consumer can waive a problem in writing as long as it is identified and signed off by everyone. But I think those two sections together certainly would certainly take care of it.

MR. BLASIOS: No they don't, John hear me out. If you have a car with 80,000 miles and you buy it for \$3,000 less, first of all the money problem is getting out of hand. I sold Chevrolets for \$12,000 all day long. I can remember not too long ago it was four or five thousand dollars. So now a two-year old car even though it has 80,000 miles on it is probably still worth \$5,000. How do you cut that out. Obviously the customer lost value because he bought it for \$3,000 less. But the fellow just buying that car and says I will take my shots with the \$3,000. I am a mechanic. If I lose a transmission or whatever it may be, for that kind of money I can take care of it myself. Now what you are saying is no you won't, you can't sell me that

MR. BLASIOS: (continued)

me that car.

REP. WOODSTOCK: I don't know how you can do that.

MR. BLASIOS: I am saying that you can enter into a written waiver. A gentleman in Rhode Island thinks that is a very bad idea, by the way. He has had experience with the Rhode Island law.

REP. WOODSTOCK: What you are waiving is everything. Why specific defects?

MR. BLASIOS: You are saying specific defects but you are buying it for \$3,000 less. There are 14,000 parts in a car. Now are we going to sign a waiver for 14,000 parts. How can you do that? See my problem with just eliminating the defects.

REP. WOODSTOCK: Do a lot of people buy vehicles at reduced prices? Do you sell a lot of these cars to people?

MR. BLASIOS: No, not very many at all. I probably sell one or two a month.. But should those one or two people in Waterbury ...

REP. WOODSTOCK: If you have a suggestion for some language that would make that section better or more compatible with your wishes, we would gladly welcome it.

MR. BLASIOS: The only thing that I see. If you look at your tag that you put on the outside of a car, it is identified. You can go out and find in Waterbury one hundred two-year old Chevrolets. The shopper, if we are suggesting that we are going to have protection for everybody, has the opportunity to shop. Hardly anybody walks in and says that's my car and I am going to buy it. They do have an opportunity to find out what the warrantees are and what they are in other places. There is no warrantee and if it is in such plain language. How are you going to protect someone? To what length do you go to protect someone to use just a little bit of

MR. BLASIOS: (continued)

of common sense.

REP. WOODSTOCK: A very modest 30 and 60 day warrantee.

MR. BLASIOS: I don't know if I would be for it. The fellow in Waterbury who wants to fix his own car or wants to buy his own car.

REP. WOODSTOCK: If you would address that and like I said we welcome language from you that you would think would be helpful to help that person.

MR. BLASIOS: Well I can't give you language. If I could I would have given it to you. But I don't think that there is any way that you can face up to that type customer. Thank you very much sir.

REP. WOODSTOCK: I believe that concludes the testimony on Bill 5605 unless there is anyone else wishing to speak on that? We will move to the next piece of legislation.

H.B. 6114 an act concerning interior designers.
First speaker is Barbara Ebstein.

MS. EBSTEIN: Chairman and members of the committee, my name is Barbara Ebstein. I am an interior designer and reside in Glastonbury, CT. I design restaurants including Scolers, The Hearthstone, banks, health facilities, stores and residences. I speak in favor of H.B. 6114 an act concerning interior designers.

In 1983 legislation was passed limited use of the title interior designer. To those who have met the minimum qualifications of post-secondary interior design education, experience as a national NCIVQ examination or to those who have used the title interior designer for one year preceding October 1, 1983 or to registered architects in the state.

The purpose of that legislation was to qualify for the consumer, the qualifications of a professional interior designer who is trained in designs addressing the health, safety and welfare of the public as opposed to rest-qualified practitioners.

G.V.
6/9/10
Bill # 5605 An Act Concerning Used Car Warranties

STATE OF CONNECTICUT, GENERAL ASSEMBLY, JUDICIARY COMMITTEE March 10th 1987

I support legislation to provide a method for the purchaser of used cars in CT to redress from problems similar to the current law for new cars.

REASON: I purchased a used car that had serious safety problems and repairs have not been able to solve them costing now more for the repairs than the original purchase price. (see chronological history below.)

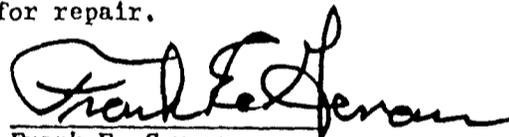
- 5/30/86 --- Purchased 1981 (2) Door Mercury Lynx costing \$3,589.25 from Blue Ribbon Pontiac GM Truck, Inc. (See copy of Sales Slip) for my wife Rosita. The high cost was due to the fact that the car was classified as First Class Shape and would give many miles of trouble free service. The car was delivered to my house by the salesman as Rosita had no license yet. In fact she had on her first lesson in driving on May 28, 1986.
- 5/31 ----- Since I am in a wheelchair and I could not drive the car I requested my daughter, Diane, drove the car and she found it to be very defective.
- 6/2 ----- Car was returned to the dealer for repair. (See letter attached)
- 6/6 ----- Car was picked up by my wife and daughter, Diane, but within $\frac{1}{2}$ mile the engine made loud noise and the brake pulled to the right so they returned to the garage. The salesman took a ride with them and within $\frac{1}{2}$ mile the engine made a loud banging noise and stopped. The car then headed for the ditch and the salesman had to grab the wheel to help from having accident. The car was then towed to the garage for more repair and the salesman brought my wife and daughter home. At that time we all agreed the car had major problems and the salesman said I could have my money back or pick out another car.
- 6/12 ----- I went to the garage and the salesman offered a 1980 Datsun Station Wagon but I have to add \$750 in exchange for the Lynx and I agreed. He went to the office to do the paper work and about while later he returned and said he need more \$250 to ^{make} it \$1,000. That would make \$4,500 for the car which is too much. So, I requested him to take the car back and refund my money.
- 6/16 ----- I went again to the garage and asked the salesman about the car. The salesman told me that Joe Goldberg, the owner, would return my money and take the car.
- 6/20 ----- I went again to the garage and the salesman said that the check was ready for the signature of Joe Goldberg and would be mailed on Monday, June 23. (I have a tape recording of this)
- 6/24 ----- I called the salesman and said I will stop by and pick up the plate and he said I may have a problem finding it. I stopped by and the salesman could not be located.

1981 Mercury Lynx

2 of # 3

- 6/27/86 --- Thru Tel-Con with the salesman I was told that my money would not be returned and the car would be dumped at my home.
- 6/28 ----- Car was returned to my home. From this time up to the time my wife got her license the car was idle in my yard.
- 8/15 ----- Rose got her license and drove the car to church. It made loud noise and took it to Broadway Auto Service, Colchester for check up.
- 8/22 ----- Broadway Auto Service called and requested me to come and discuss many problems that would cost big money. I requested for the itemized list before doing any repair.
- 8/28 ----- Broadway Auto Service gave me a list costing more than \$800.
- 9/3 ----- Since I have a Motor Vehicle Service Contract I went to the garage where I bought the car since I was told that any repair could be covered by the Service Contract. I talked to Goodwin Pontiac GMC Trucks, Inc., Norwich, Sales Manager, Tony Saporita, who was also the Sales Manager of Blue Ribbon Pontiac GMC Trucks, Inc. before it was changed to Goodwin Pontiac GMC Trucks, Inc. and I was referred to Joe or Gerson Goldberg, owner of the former Blue Ribbon Pontiac GMC Trucks Inc.
- 9/3 ----- Talked to Gerson Goldberg and he told me to bring the car to Superior Auto Center, Norwich for evaluation.
- 9/3 ----- Car made loud noise and would not run and ^{had} to be towed to Superior Auto Center.
- 9/4 ----- Car towed to Superior Auto Center and was promised that the car would be ready after (1) week. They said engine problems was a simple fix and repaired it.
- 9/18 ----- Rose picked up car at Superior Auto Center and drove it home and the engine made popping noise and I took it to Broadway Auto Service, Colchester for check up and repair.
- 9/20 ----- Repair made on engine by Broadway Auto Service and car was returned. (See copy of Sales Slip)
- 9/27 ----- Car stopped on road and towed to Broadway Auto Service for engine problem.
- 10/2 ----- Called Superior Auto Center and Dick, the owner, had the car towed to find out the problems.
- 10/6 ----- Superior Auto Center, owner, Dick said (6) studs in head had been drilled and half coil installed as a quick fix - but was no good and needed ~~new~~ new used head. Total job would cost about \$700. I gave him \$500 deposit and I said, fix it.

- 10/ 22/86 --- Car repair was finished costing \$816.16. Picked up by Rose and driven home. Car again made loud noise part way home and stopped on road in center of town (Colchester). I had my son, Joey, pushed it home.
- 10/22 ---- Called Superior Auto Center,, Dick and he sent one to tow it to the garage.
- 11/14 ---- Rose picked up car from Superior Auto Center and drove it home and the car made loud noise again.
- 12/2 ---- Car driven to Superior Auto Center to fix oil leaks and check engine loud noise.
- 12/4 ----- Picked up car at Superior Auto Center and was told by Dick to keep heavy oil in car and leak would be OK. Also other oil leak in transmission oil that should only leak a little. Also that sometimes banging noise could be a rear main bearing . Before I was told it was a simple rust pin tap and should be no trouble. Part way to Colchester after driving approximately 10 miles the engine made a loud banging noise and stopped on Rte. #2. Smoke, oil and water came out of the car and I called Goodwin Pontiac garage for tow.
- 12/5 ----- Per Tel-Con with Goodwin Pontiac service man I was told that the engine was blown and a chunk of metal broke off the block and they were waiting for the Insurance Authorization before fixing the car.
- 1/9/87 ----- Picked up car at Goodwin Pontiac garage but horn didn't work, no warning lights except brake light working and parking brake handle wouldn't set to the up position. The next day I found red transmission fluid leaking on the driveway.
- 1/14 ----- Car driven to Dept. of Motor Vehicle for Emission Test. It failed.
- 1/28 ----- Car driven to Goodwin Pontiac garage for repair.



Frank E. Gorman
17 Park Ave.
Colchester, CT 06415
(203) 537- 3760

3/10/87

HB 5605

Mrs. Dawn Ouellet
312 Weber St.
Stfd. Ct. 06497
(203) 372-0859

Unfortunately I am unable to testify today due to my fear of driving my car. Fortunately I was able to get a ride to bring this you, but unable to get transportation back if I testified in person.

my complaint is against:

Burgundy Chevrolet
1425 Barnum Ave.
Stfd. Ct. 06497
(203) 375-3371

We purchased a 1981 Plymouth Horizon. We financed the car through CT Bank & Trust. On 11/24/86 we picked up the car. The next day we discovered the car had an exhaust system problem. An appointment was made for 11/5/87 for the problem to be checked out. The 1st week in Dec. 86 we discovered the car had defective brakes. They were replaced at our expense. We kept the originals which had no brake pads. On 12/25/86 the battery died and was replaced at our expense. On 12/31/86 the car failed and had to be abandoned on I-95 in Mifd. It was towed to the dealership on 1/2/87. We were without our car for 6 weeks and had to rent a car. Major repairs were made.

The repairs were as follows:

1) distributor shaft 2) oil pump 3) exhaust system
4) new engine.

Due to the length of time, we were without the use of our car. We had to pay \$300. for transportation.

JOINT
STANDING
COMMITTEE
HEARINGS

GENERAL LAWS
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GENERAL LAW

March 19, 1987

MR. LOU CUTILLO: Mr. Chairman, Louis S. Cutillo, representing the Connecticut Auto Trades' Association. I should have been here on 7506, and I came in late. If there is no one else to testify, I will be very brief.

REP. FOX: There is no one else.

MR. CUTILLO: All right...I am representing the Connecticut Auto Trade Association...Louis S. Cutillo...on 7506 : I am going to read briefly some of the testimony and of course, hand it in.

The substance of this proposal was deleted by this Committee from House Bill 5605. It was our presumption that the Committee's action reflected their concurrence with our position that the concept of mandatory three-day recision period only for the purchase of a motor vehicle was both patently inequitable and contrary to sound business exceptions and practice.

The bill, as written...and I am going to skip a bunch of things here... The bill, as written, would allow a purchaser to take possession of a motor vehicle, use it for nearly three days and then my merely dropping a postcard in the mail... constructively give notice to the dealer that he revoked his acceptance of the contract for the purchase of the motor vehicle. In reality, the dealer would not receive this actual notice for this revocation of acceptance for at least one day, maybe three days. During this period, the dealer has incurred costs on processing the sale and in arranging credit for the purchaser.

In addition, he has unfairly lost the opportunity to sell the automobile, since he must presume for a three-day to a five-day period that the automobile is already sold.

We do not feel that this is beneficial to the consuming public. The bill is seriously flawed both in concept and in detail. We strongly urge