WEST VIRGINIA LEGISLATURE
SECOND REGULAR SESSION, 2006

ENROLLED

COMMITTEE SUBSTITUTE
FOR
House Bill No. 4490

(By Delegate Boggs)

Passed March 11, 2006

In Effect Ninety Days from Passage
AN ACT to amend and reenact §17A-6-6 and §17A-6-18 of the Code of West Virginia, 1931, as amended; and to amend said code by adding thereto a new article, designated §17A-6E-1, §17A-6E-2, §17A-6E-3, §17A-6E-4, §17A-6E-5, §17A-6E-6, §17A-6E-7, §17A-6E-8, §17A-6E-9, §17A-6E-10, §17A-6E-11, §17A-6E-12, §17A-6E-13 and §17A-6E-14, all relating generally to the regulation of selling new or used vehicles; providing for the comprehensive regulation and licensing of salespersons and finance and insurance representatives; setting forth specific licensure requirements; providing for revocation, suspension and refusal to renew licenses; authorizing fees; requiring dealers to notify the division upon the hiring and termination of salespersons; requiring display of list of licensees; authorizing the commissioner to propose legislative rules; prohibiting the employment by dealers of unlicensed salespersons; authorizing the commissioner to conduct investigations and petition for injunctions under certain circumstances; providing for investiga-
tions of violations; providing for appeals of decisions to suspend, revoke or deny licenses; and establishing special revenue fund.

Be it enacted by the Legislature of West Virginia:

That §17A-6-6 and §17A-6-18 of the Code of West Virginia, 1931, as amended, be amended and reenacted; and that said code be amended by adding thereto a new article, designated §17A-6E-1, §17A-6E-2, §17A-6E-3, §17A-6E-4, §17A-6E-5, §17A-6E-6, §17A-6E-7, §17A-6E-8, §17A-6E-9, §17A-6E-10, §17A-6E-11, §17A-6E-12, §17A-6E-13 and §17A-6E-14, all to read as follows:

ARTICLE 6. LICENSING OF DEALERS AND WRECKERS OR DISMANTLERS; SPECIAL PLATES; TEMPORARY PLATES OR MARKERS, ETC.

§17A-6-6. Refusal or issuance of license certificate; license certificate not transferable.

(a) Upon the review of the application and all other information before him or her, the commissioner may make and enter an order denying an application for a license certificate and refuse the license certificate sought. A denial and refusal are final and conclusive unless an appeal is made in accordance with the provisions of rules proposed for legislative approval in accordance with the provisions of article three, chapter twenty-nine-a of this code. The commissioner shall make and enter an order denying or refusing a license, if the commissioner finds that the applicant (individually, if an individual, or the partners, if a copartnership, or the officers and directors, if a corporation):

(1) Has failed to furnish the required bond unless otherwise exempt under the provisions of section two-a of this article;

(2) Has failed to furnish the required certificate of insurance;
(3) Has knowingly made false statement of a material fact in his or her application;

(4) Has habitually defaulted on financial obligations in this state or any other state or jurisdiction;

(5) Has been convicted of a felony: Provided, That upon appeal, the Motor Vehicle Dealers Advisory Board established pursuant to the provisions of section eighteen-a of this article may grant an exemption of this restriction if the felony did not involve financial matters, the motor vehicle industry or matters of moral turpitude;

(6) So far as can be ascertained, has not complied with and will not comply with the registration and title laws of this state or any other state or jurisdiction;

(7) Does not or will not have or maintain at each place of business, subject to the qualification contained in subdivision (17), subsection (a), section one of this article with respect to a new motor vehicle dealer (an established place of business as defined for the business in question) in that section;

(8) Has been convicted of any fraudulent act in connection with the business of new motor vehicle dealer, used motor vehicle dealer, house trailer dealer, trailer dealer, recreational vehicle dealer, motorcycle dealer, used parts dealer, or wrecker or dismantler in this state or any other state or jurisdiction;

(9) Has done any act or has failed or refused to perform any duty for which the license certificate sought could be suspended or revoked were it then issued and outstanding;

(10) Is not age eighteen years or older;
(11) Is delinquent in the payment of any taxes owed to the United States, the State of West Virginia or any political subdivision of the state;

(12) Has been denied a license in another state or has been the subject of license revocation or suspension in another state;

(13) Has committed any action in another state which, if it had been committed in this state, would be grounds for denial and refusal of the application for a license certificate;

(14) Has failed to pay any civil penalty assessed by this state or any other state;

(15) Has failed to reimburse when ordered, any claim against the dealer recovery fund as prescribed in section two-a of this article; or

(16) Has failed to comply with the provisions of article six-e of this chapter, pertaining to the employment of licensed salespersons.

Otherwise, the commissioner shall issue to the applicant the appropriate license certificate which entitles the licensee to engage in the business of new motor vehicle dealer, used motor vehicle dealer, house trailer dealer, trailer dealer, recreational vehicle dealer, motorcycle dealer, used parts dealer, or wrecker or dismantler, as the case may be.

(b) A license certificate issued in accordance with the provisions of this article is not transferable.

§17A-6-18. Investigation; matters confidential; grounds for suspending or revoking license or imposing fine; suspension and revocation generally.
(a) The commissioner may conduct an investigation to determine whether any provisions of this chapter have been or are about to be violated by a licensee. Any investigation shall be kept confidential by the commissioner and the division, unless and until the commissioner suspends or revokes the license certificate of the licensee involved or fines the licensee: Provided, That the commissioner may advise the Motor Vehicle Dealers Advisory Board of pending actions and may disclose to the Motor Vehicle Dealers Advisory Board any information that enables it to perform its advisory function in imposing penalties. The commissioner may suspend or revoke a license certificate, suspend a special dealer plate or plates, impose a fine or take any combination of these actions if the commissioner finds that the licensee:

(1) Has failed or refused to comply with the laws of this state relating to the registration and titling of vehicles and the giving of notices of transfers, the provisions and requirements of this article, or any reasonable rules authorized in section nine, article two of this chapter and promulgated to implement the provisions of this article by the commissioner in accordance with the provisions of article three, chapter twenty-nine-a of this code;

(2) Has given any check in the payment of any fee required under the provisions of this chapter which is dishonored;

(3) In the case of a dealer, has knowingly made or permitted any unlawful use of any dealer special plate or plates issued to him or her;

(4) In the case of a dealer, has a dealer special plate or plates to which he or she is not lawfully entitled;

(5) Has knowingly made false statement of a material fact in his or her application for the license certificate then issued and outstanding;
(6) Has habitually defaulted on financial obligations;

(7) Does not have and maintain at each place of business (subject to the qualification contained in subdivision (17), subsection (a), section one of this article with respect to a new motor vehicle dealer) an established place of business as defined for the business in question in section one of this article;

(8) Has been guilty of any fraudulent act in connection with the business of new motor vehicle dealer, used motor vehicle dealer, house trailer dealer, trailer dealer, motorcycle dealer, used parts dealer or wrecker or dismantler;

(9) Has defrauded or is attempting to defraud any buyer or any other person, to the damage of the buyer or other person, in the conduct of the licensee's business;

(10) Has defrauded or is attempting to defraud the state or any political subdivision of the state of any taxes or fees in connection with the sale or transfer of any vehicle;

(11) Has committed fraud in the registration of a vehicle;

(12) Has knowingly purchased, sold or otherwise dealt in a stolen vehicle or vehicles;

(13) Has advertised by any means, with intent to defraud, any material representation or statement of fact which is untrue, misleading or deceptive in any particular relating to the conduct of the licensed business;

(14) Has willfully failed or refused to perform any legally binding written agreement with any buyer;

(15) Has made a fraudulent sale or purchase;
(16) Has failed or refused to assign, reassign or transfer a proper certificate of title;

(17) Has a license certificate to which he or she is not lawfully entitled;

(18) Has misrepresented a customer’s credit or financial status to obtain financing;

(19) Has failed to reimburse, when ordered, any claim against the dealer recovery fund as prescribed in section two-a of this article; or

(20) Has employed unlicensed salespersons in violation of article six-e of this chapter on or after the first day of January, two thousand eight.

(b) The commissioner shall also suspend or revoke the license certificate of a licensee if he or she finds the existence of any ground upon which the license certificate could have been refused or any ground which would be cause for refusing a license certificate to the licensee were he or she then applying for the license certificate.

(c) Whenever a licensee fails to keep the bond, unless exempt from the requirement pursuant to section two-a of this article or liability insurance required by section four of this article, in full force and effect, or fails to provide evidence of the bond or liability insurance, the commissioner shall automatically suspend the license certificate of the licensee unless and until a bond or certificate of insurance as required by section four of this article is furnished to the commissioner. When the licensee furnishes the bond or certificate of insurance to the commissioner and pays all reinstatement fees, the commissioner shall vacate the suspension.
(d) Suspensions under this section shall continue until the cause for the suspension has been eliminated or corrected. Revocation of a license certificate does not preclude application for a new license certificate. The commissioner shall process the application for a new license certificate in the same manner and issue or refuse to issue the license certificate on the same grounds as any other application for a license certificate is processed, considered and passed upon, except that the commissioner may give any previous suspension and the revocation such weight in deciding whether to issue or refuse the license certificate as is correct and proper under all of the circumstances.

ARTICLE 6E. MOTOR VEHICLE SALESPERSON LICENSE.

§17A-6E-1. Findings and purpose.

(a) It is the purpose of this article to protect retail motor vehicle customers, motor vehicle dealers, banks and the state from sustaining losses due to the fraudulent activity of persons engaged in the business of selling vehicles.

(b) This article establishes minimum competency and ethical standards for persons engaged in the business of selling motor vehicles to the general public.


The following words as used in this article, unless the context otherwise requires, have the following meanings:

(1) “Applicant” means any person making application for an original or renewal of a salesperson license;

(2) “Dealer” means any motor vehicle or auction business regulated under the provisions of article six or six-c of this chapter;
(3) "Licensee" means any person holding a license issued under the provisions of this article;

(4) "Motor vehicle salesperson" or "salesperson" means any person employed by a dealer to sell, buy, display and offer for sale or deal in motor vehicles, recreational vehicles or trailers, as those terms are defined in section one of article one of this chapter, for a commission or other valuable consideration, but does not mean any public officer performing his or her official duties or the dealer licensee. A person employed by a dealer as a finance and insurance representative is for the purposes of this article a salesperson.

§17A-6E-3. License required.

(a) Except as provided in section six of this article, no person may engage in business in this state as a motor vehicle salesperson on and after the first day of January, two thousand eight, without holding a license issued under the provisions of this article.

(b) No class of vehicle dealer as defined in article six or six-c of this chapter may employ an unlicensed motor vehicle salesperson on or after the first day of January, two thousand eight. No person may sell vehicles for more than one vehicle dealer unless the commissioner grants a written waiver.

(c) Any person employed by licensed dealers as a salesperson immediately preceding the effective date of this section is exempt from the requirements of the background investigation and the written test and payment of the fee for the background investigation provided in section four of this article.

§17A-6E-4. Eligibility and issuance of license.

(a) The division may not issue any person a motor vehicle salesperson license unless the applicant:
(1) Is employed by a licensed West Virginia dealer who verifies the employment;

(2) Completes the application for a license on the form prescribed by the division, fully completed, signed and attested to by the applicant, including, but not limited to, the applicant's:

(A) Full name;

(B) Social security number;

(C) Residence and mailing address;

(D) Name of employing dealership;

(E) Statement as to whether the applicant has ever had any previous application for a dealer or salesperson license refused in this or any other state or jurisdiction;

(F) Statement as to whether the applicant has been previously licensed as a salesperson in this state or any other state or jurisdiction;

(G) Statement as to whether the applicant has ever had his or her salesperson license or a dealer license suspended or revoked in this state or any other state or jurisdiction;

(H) Statement as to whether the applicant has ever held a dealer license which has been suspended or revoked or has been employed by a dealer which has had its license suspended or revoked;

(I) Statement as to whether the applicant has ever been convicted of a felony or whether the applicant individually or as an owner, partner, officer or director of a business entity has been convicted of, or pleaded guilty or nolo contendere to a
criminal action, and if so, a written explanation of the conviction;

(J) Statement as to whether or not the applicant owes a child support obligation, owes a child support obligation that is more than six months in arrears, is the subject of a child support related warrant, subpoena or court order; and

(K) Statement that the applicant has not been found to have done any of the acts which would justify suspension or revocation of a salesperson’s license under section nine of this article;

(3) Submits verification of employment by the employing dealer;

(4) Furnishes a full set of fingerprints to facilitate a background check and other investigation considered necessary by the commissioner;

(5) Pays an initial nonrefundable application fee of seven dollars for each year the license is valid. Payment of the fee entitles the applicant to one attempt at a written test prescribed by the division. Successful completion of at least seventy percent of the written test is a passing score;

(6) Pays a nonrefundable background investigation fee of twenty-five dollars; and

(7) Is not the subject of a background investigation which reveals criminal convictions or other circumstances for which the Commissioner may deny licensure under the provisions of this article.

(b) The division may, upon successful completion of all the requirements contained in subsection (a) of this section, with the exception of the background investigation, issue the applicant a temporary motor vehicle salesperson license. The
59 temporary license is valid for a maximum of ninety days
60 pending issuance of the permanent license endorsement or
61 receipt of an unfavorable background investigation, whichever
62 occurs first.
63
64 (c) The division shall refuse to issue the license if the
65 applicant:
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67 (1) Does not provide the necessary documents as deter-
68 mined by the division to establish his or her identity or legal
69 presence in this country;
70
71 (2) Has made any false statements of material fact in the
72 application;
73
74 (3) Has had his or her privilege to sell vehicles denied,
75 suspended or revoked by this state or any other state or jurisdic-
76 tion: Provided, That upon the applicant's appeal, the commis-
77 sioner may grant an exemption of this restriction if the appli-
78 cant can show that he or she is eligible for reinstatement in his
79 or her previous jurisdiction of licensure;
80
81 (4) Has committed a fraudulent act or omission or repeat-
82 edly defaulted in financial obligations in connection with the
83 buying, selling, leasing, rental or otherwise dealing in motor
84 vehicles, recreational vehicles or trailers;
85
86 (5) Has been convicted of a felony: Provided, That upon the
87 applicant’s appeal the commissioner may grant an exemption
88 to this restriction if the felony did not involve financial matters
89 or the motor vehicle industry;
90
91 (6) Is not employed as a salesperson for a motor vehicle
92 dealer licensed in accordance with article six or six-c of this
93 chapter;
(7) Is acting as a salesperson for more than one motor vehicle dealer at the same time without a waiver issued by the commissioner; or

(8) Has a background investigation which reveals criminal convictions or other circumstances for which the Commissioner may deny licensure under the provisions of this article.

(d) Willful misrepresentation of any fact in any application or any document in support of the application is a violation of this article.

§17A-6E-5. Expiration of license, renewal and expired license.

(a) An initial license issued under the provisions of this article shall be valid for no less than three years nor more than seven years as determined by the division to establish set license expiration date on the applicant’s birthday in a year in which the applicant’s age is evenly divisible by five.

(b) A licensee may renew a license in the manner prescribed by the division upon completion of the application for renewal, verification by the employing dealer and payment of a renewal fee of ten dollars. The license shall be valid for a period of five years.

(1) Any licensee who fails to renew his or her license before the date of expiration shall pay an additional fee of five dollars.

(2) Any licensee who fails to renew his or her license within six months of expiration is not eligible for renewal and is required to complete the application process required of all new applicants, including the payment of all initial fees, completion of the written test and background investigation as if he or she never held a license.
§17A-6E-6. Change of employer.

(a) Within ten days of the termination of employment of a licensed salesperson, the dealer shall notify the division of the termination in the manner prescribed by the division. The license of the salesperson becomes inactive upon termination of employment by a licensed dealer, and the salesperson may not engage in the activities of a salesperson as described in section two of this article unless and until he or she becomes relicensed as a salesperson for the same dealer or another dealer.

(b) Within ten days of hiring a licensed salesperson, the dealer shall notify the division in the manner prescribed by the division. The dealer shall complete an application for transfer of a salesperson license, and shall verify the salesperson’s employment in a manner prescribed by the division.

(c) The salesperson shall submit the completed transfer application, a fee of five dollars and obtain a new salesperson license in the name of the new employer before engaging in the activities of a salesperson as described in section two of this article. No transfer application or fee is required if the salesperson is reemployed by the previous employer within six months of cessation of employment.

§17A-6E-7. Change of address, lost or stolen license, duplicate license.

A licensee shall notify the division in the manner prescribed by the division of a change of address of the licensee or the loss of a license, and obtain a new license within twenty days of loss. The division shall charge a fee of five dollars for issuing any duplicate license.

(a) Every licensee must have his or her license in his or her possession at all times when engaged in the business of selling vehicles, and shall display the license upon demand of any customer, law-enforcement official or division employee.

(b) Every dealer shall conspicuously display a list of all employees currently licensed as salespersons.

§17A-6E-9. Revocation, suspension or refusal to renew license.

(a) The commissioner may revoke or suspend the license of any licensee if he or she determines that the licensee has:

1. (1) Violated any motor vehicle dealer law, any dealer rule or order of the division;

2. (2) Improperly withheld, misappropriated or converted to his or her own use any money received from customers;

3. (3) Misrepresented the terms of any existing or proposed vehicle sale, purchase, lease, rental, finance, warranty or insurance agreement;

4. (4) Engaged in any pattern of unfair competition or unfair or deceptive acts or practices in the business of buying, selling, renting or leasing vehicles;

5. (5) Forged another person’s name to any application or form required for the titling, leasing, rental, registration, financing or insuring of a vehicle;

6. (6) Knowingly and willfully made or permitted a false or fraudulent application or form required for the titling, leasing, rental, registration, financing or insuring of a vehicle;

7. (7) Been convicted of or pleaded nolo contendere to any felony: Provided, That upon the applicant’s appeal the commis-

21 sioner may grant an exemption to this subdivision if the felony
22 did not involve financial matters or the motor vehicle industry;

23 (8) Been convicted of or pleaded nolo contendere to a
24 misdemeanor in connection with his or her activities in the
25 business of selling, renting or leasing vehicles;

26 (9) Been refused a dealer or salesperson license or had a
27 dealer or salesperson license suspended, revoked, restricted or
28 otherwise canceled in another state or jurisdiction: Provided,
29 That upon the applicant’s appeal, the commissioner may grant
30 an exemption of this restriction if the applicant can show that he
31 or she is eligible for reinstatement in his or her previous
32 jurisdiction of licensure; or

33 (10) Obtained the license through misrepresentation, fraud
34 or any other act for which the issuance of the license could have
35 been refused had it been known to the commissioner at the time
36 of issuance.

37 (b) For the purposes of this section:

38 (1) “Suspension” means the privilege to sell vehicles is
39 temporarily withdrawn for a fixed period and is reinstatable
40 without retesting; and

41 (2) “Revocation” means the privilege to sell vehicles is
42 withdrawn permanently.

43 (c) A licensee whose license is revoked may reapply for an
44 original license with an explanation as to why the commissioner
45 should consider the applicant for relicensing.

§17A-6E-10. Administrative due process.

1 (a) Any person may appeal an order of the commissioner
2 suspending, revoking, denying or otherwise canceling his or her
salesperson license in accordance with the prescribed proce-
dures of the division.

(b) The commissioner may but is not required to stay the
suspension or revocation of a salesperson license during the
appeals process.

c) Any final order entered pursuant to this article is subject
to judicial review as provided in article five, chapter
twenty-nine-a of this code.


(a) The commissioner may conduct any investigation
necessary to determine whether any provision of this chapter
has been violated or is about to be violated by a licensee or
applicant.

(b) The commissioner and the division shall keep any
investigation confidential unless and until the commissioner
suspects, revokes or otherwise denies a license: Provided, That
the commissioner may advise the Motor Vehicle Dealers
Advisory Board of information that may enable it to perform its
advisory functions.

§17A-6E-12. Injunctive relief.

(a) Whenever it appears to the commissioner that any
person or licensee has violated any provision of this article or
any final order of the commissioner, the commissioner may
petition, in the name of the state, in the Circuit Court of
Kanawha County or in the circuit court of the county in which
the violation occurred, for an injunction against the person or
licensee. Injunctive relief may be awarded in addition to any
penalty imposed pursuant to the provisions of article eleven of
this chapter or any other remedy allowed by law.
(b) The circuit court may, by mandatory or prohibitory injunction, compel compliance with the provisions of this article and all final orders of the commissioner. The court may also issue temporary injunctions.

(c) The judgment by the circuit court is final unless reversed, vacated or modified on appeal to the Supreme Court of Appeals of West Virginia. An appeal shall be sought in the manner and within the time provided by law for appeals from circuit courts in other civil cases.


The commissioner may propose rules for legislative approval in accordance with the provisions of article three, chapter twenty-nine-a of this code, in order to effectuate the provisions of this article.


All moneys collected pursuant to this article shall be deposited in a special revenue account in the State Treasury to be known as the “Motor Vehicle Salesperson License Fund.” Expenditures from the fund shall be for the administration of licensure of motor vehicle salespersons and are not authorized from collections but are to be made only in accordance with appropriation by the Legislature and in accordance with the provisions of article three, chapter twelve of this code and upon fulfillment of the provisions of article two, chapter eleven-b of this code: Provided, That for the fiscal year ending the thirtieth day of June, two thousand seven, expenditures are authorized from collections rather than pursuant to appropriation by the Legislature.
That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Candy White
Chairman Senate Committee

K. Brown
Chairman House Committee

Originating in the House.

In effect ninety days from passage.

Russell E. Helm
Clerk of the Senate

Clerk of the House of Delegates

Carl B. Smathers
President of the Senate

Robert H. Rawlings
Speaker of the House of Delegates

The within is approved this the 3rd day of April, 2006.

Governor