

# MINUTES

March 17, 2025

(Rulemaking Hearing &  
Supplemental Legal  
Report)



**TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE  
DIVISION OF REGULATORY BOARDS  
MOTOR VEHICLE COMMISSION  
500 JAMES ROBERTSON PARKWAY, 2ND FLOOR  
NASHVILLE, TENNESSEE 37243-1153  
FAX (615) 741-0651 (615) 741-2711**

**TENNESSEE  
MOTOR VEHICLE COMMISSION MINUTES**

**DATE:** March 17, 2025

**PLACE:** Room 1-A, Davy Crockett Tower

**PRESENT:** Commission Members:

Nelson Andrews  
Debbie Melton  
Sandra Elam  
Jim Galvin  
Karl Kramer  
Ian Leavy  
Stan Norton  
Hubert Owens  
John Rydell  
Farrar Vaughan  
Charles West  
John Roberts

**ABSENT:**

Dwight Morgan  
Tim Copenhaver  
Victor Evans

**CALL TO ORDER:** Chairman John Roberts called the meeting to order at 10:30 am

A quorum was established.

**PUBLIC COMMENTS:** Chairman Roberts advised all present that public comments would be welcomed at the end of the meeting.

**RULEMAKING HEARING:**

Sierra Shepard called the rulemaking hearing to order. The proposed rules amend certain general rules specific to petitions for reconsideration by the Commission; make several technical changes specific to Tenn. Code Ann. § 55-17-128 to reflect cite corrections; and clarifies that Commission staff may communicate with licensees electronically to facilitate communication between staff and respondents for more expeditious resolution of complaints. Finally, the proposed rules seek to increase licensing fees for certain licensees such that the Commission is able to maintain their statutory requirement to be financially self-sufficient.

Chairman Roberts requested the Commission review the Hearing Rules Language. Commissioner Vaughan made a motion to adopt the Hearing Rules Language, Seconded by Commissioner Roberts. Chairman Roberts called for a roll call vote.

**ROLL CALL VOTE**

<b>IAN LEAVY</b>	<b>YES</b>
<b>CHARLES WEST</b>	<b>YES</b>
<b>DEBBIE MELTON</b>	<b>YES</b>
<b>SANDRA ELAM</b>	<b>YES</b>
<b>JOHN RYDELL</b>	<b>YES</b>
<b>NELSON ANDREWS</b>	<b>YES</b>
<b>JIM GALVIN</b>	<b>YES</b>
<b>STAN NORTON</b>	<b>YES</b>
<b>FARRAR VAUGHAN</b>	<b>YES</b>
<b>HUBERT OWENS</b>	<b>YES</b>
<b>KARL KRAMER</b>	<b>YES</b>
<b>JOHN ROBERTS</b>	<b>YES</b>

**MOTION PASSED**

Chairman Roberts requested the Commission review the Regulatory Flex Addendum. Commissioner Andrews made a motion to adopt the Reg. Flex Addendum, Seconded by Commissioner Melton. Chairman Roberts called for a roll call vote.

**ROLL CALL VOTE**

IAN LEAVY	YES
CHARLES WEST	YES
DEBBIE MELTON	YES
SANDRA ELAM	YES
JOHN RYDELL	YES
NELSON ANDREWS	YES
JIM GALVIN	YES
STAN NORTON	YES
FARRAR VAUGHAN	YES
HUBERT OWENS	YES
KARL KRAMER	YES
JOHN ROBERTS	YES

**MOTION PASSED**

Chairman Roberts requested the Commission review the Impact to Local Government. Commissioner Melton made a motion to adopt the Impact to Local Government, Seconded by Commissioner Vaughan. Chairman Roberts called for a roll call vote.

**ROLL CALL VOTE**

IAN LEAVY	YES
CHARLES WEST	YES
DEBBIE MELTON	YES
SANDRA ELAM	YES
JOHN RYDELL	YES
NELSON ANDREWS	YES
JIM GALVIN	YES
STAN NORTON	YES
FARRAR VAUGHAN	YES
HUBERT OWENS	YES
KARL KRAMER	YES
JOHN ROBERTS	YES

**MOTION PASSED**

Chairman Roberts requested the Commission review the Information for the Joint Operations Committee. Commissioner West made a motion to adopt the Information for the Joint Operations Committee, Seconded by Commissioner Norton. Chairman Roberts called for a roll call vote.

**ROLL CALL VOTE**

IAN LEAVY	YES
CHARLES WEST	YES
DEBBIE MELTON	YES
SANDRA ELAM	YES
JOHN RYDELL	YES
NELSON ANDREWS	YES
JIM GALVIN	YES
STAN NORTON	YES
FARRAR VAUGHAN	YES
HUBERT OWENS	YES
KARL KRAMER	YES
JOHN ROBERTS	YES

**MOTION PASSED**

**Program Counsel Sierra Shepard declared the Rule Making Hearing Complete**

**Chairman Roberts called the full Commission to order for the purpose of completing items on the agenda beginning with the legal report**

**LEGAL REPORT:**



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
OFFICE OF LEGAL COUNSEL  
500 JAMES ROBERTSON PARKWAY  
DAVY CROCKETT TOWER, 12<sup>TH</sup> FLOOR  
NASHVILLE, TENNESSEE 37243  
TELEPHONE (615) 741-3072 FACSIMILE (615) 532-4750

**MEMORANDUM**

**Privileged and Confidential Communication – Attorney Work Product**

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**TO:** Tennessee Motor Vehicle Commission

**FROM:** Erica Smith, Associate General Counsel  
Taylor M. Hilton, Associate General Counsel

**DATE:** March 17, 2025

**SUBJECT:** MVC Legal Report

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1. 2024067761 (ES)  
Date Complaint Opened: 12/20/2024  
First Licensed: N/A (Unlicensed)  
Expiration: N/A  
License Type: Motor Vehicle Dealer  
History (5 yrs.): None.

Respondent – Collective Description for both A&B  
Respondent A – Unlicensed entity with an approved “display” or “showroom”  
Respondent B - Licensed Dealer referred to as “service location”  
Respondents A & B utilize the same line make

## **Respondent C – Licensed Dealer with unique line makes**

### **Common Automotive Group owns all three entities: A, B, C**

This complaint was opened on December 20, 2024, against **Respondent A** due to allegations of unlicensed activity at a location where they do not have a dealer license. **Respondent A** was formally denied licensure at this location. **Respondent A** appealed the denial and requested a hearing in front of the Commission, and then withdrew their appeal less than a month later. **Respondent B** then obtained a dealer license at a different location less than 40 miles away. **Respondent A** was informed they could not obtain a dealer license at the location at issue because they did not meet certain facility requirements laid out in our rules and statutes. **Respondent A** inquired if they could open a showroom at this location instead of a dealership. It appears **Respondent A** made arrangements to have a dealership at this location prior to checking with the Commission about requirements. The Executive Director attempted to work with **Respondent A** to allow them to utilize the space in a way that would not be a violation of law. The Executive Director sent various communications to **Respondent A** in writing via email. These emails instructed **Respondent A** that they could only have a showroom at the location and could not engage in any advertising, sales, negotiating, or any activity that a dealer would engage in because they did not have a dealer license for this particular location. Specifically, Rule 0960-01-.17(8) allows a manufacturer, distributor or motor vehicle dealer to display at a single location as long as no representatives of the displayer are present, and no sales solicitations take place at the single location display. The Commission cited this Rule in emails when instructing **Respondent A** on the limitations of their showroom.

Additionally, the Executive Director, legal counsel for the Commission and another individual visited the showroom location in person to further provide instruction and guidance. **Respondent A** was instructed they could only display vehicles, and it was mutually agreed between the **Respondent A** and the Commission that they could utilize the location only as a showroom. **Respondent A** confirmed in writing in response to the emails that they understood the limitations and opened the showroom at this unlicensed location.

An investigation was conducted. The investigation revealed the following violations: unlicensed activity, deceptive advertising, and false, fraudulent or deceptive business practices involving the sale of a motor vehicle. **Respondent** advertised at least six vehicles for sale online using the showroom address. Further, **Respondent** identifies their showroom online in a way that third party vendors, such as CarGurus, pull information from their website and advertise vehicles for sale at the showroom. **Respondent** identifies their showroom online with a name that would likely lead consumers to believe the showroom is actually a dealership. **Respondent's** website refers to this location as a "retailer" and when you input a zip code to locate a dealer in Tennessee, the only option that pops up is this showroom location, not the actual licensed dealership location. **Respondent's** website actually refers to their licensed dealership location as a "service location".

The investigator visited the showroom and there was a sign on the door that listed the "dealer" name that **Respondent's** website uses, which again, makes it appear to consumers that the showroom is a dealership. The sign provides a phone number and a QR code allowing consumers to make an appointment with a representative at the showroom. **Respondent A** allows at least two licensed salespersons to work at the showroom, and encourages consumers

to make appointments at the showroom with the salespersons to inquire about the purchase of a vehicle. **Respondent A** admits to allowing consumers to test drive vehicles from the showroom an estimated ten times a month. There is a workstation with a computer in the showroom and **Respondent A** claims the workstation is only used to show training videos to their employees.

As mentioned above, **Respondent** advertised at least six vehicles for sale from the showroom location. Three of the vehicles had been sold to consumers by the time the investigation was conducted. **Respondent** states the paperwork and the actual sale of these three vehicles took place at their licensed dealership (**Respondent B**). However, the owner of the dealership and showroom also owns another licensed dealership (**Respondent C**) that sells different line makes and does not sell the line make of the vehicles at issue. That dealership (**Respondent C**) issued temporary tags to the vehicles advertised for sale at the showroom and sold at the licensed dealership. The deal files for the three vehicles sold by **Respondent's** licensed dealer (**Respondent B**) list the showroom name as the "Seller/Dealer" (**Respondent A**) but use the licensed dealership (**Respondent B**) address. The Department of Revenue Application for Noting of Lien also uses the showroom name (**Respondent A**) as the "Dealer Name" but uses the licensed dealership (**Respondent B**) address. The vehicle's titles use the showroom name (**Respondent A**) as the "Buyer" showing the initial title assignment to **Respondent A**. The Power of Attorney form uses the showroom name (**Respondent A**) instead of the licensed dealership (**Respondent B**) name. The Odometer Disclosure Statement uses the showroom name (**Respondent A**) as the Seller/Transferor. The deal file for one of the vehicles sold by the licensed dealer includes a copy of a check for the initial purchase of the vehicle by **Respondent** which is written from the bank account of the showroom (**Respondent A**), indicating the showroom purchased the vehicle from an auction. One of the vehicles sold included a Total Loss Protection Addendum which listed the dealer as the showroom (**Respondent A**) and used the showroom address. This document is a contract and clearly refers to the "dealer" as a party to the contract, which could be considered fraudulent. The same issue occurs within the Vehicle Protection Road Hazard Tire and Wheel Service Contract. The deal files include a document titled "We Owe," which refer to the showroom (**Respondent A**) as the dealer and refer to the salesperson that work at the showroom. This licensed salesperson who works at the showroom clearly sold the vehicles to the consumers, but **Respondent** claims all of the sales are completed at the licensed location (**Respondent B**). In general, the entire deal file for each of the three vehicles sold use the showroom name (**Respondent A**) instead of their licensed dealership (**Respondent B**) name. However, in most cases other than the check, the licensed dealership address is used with the showroom name. It appears when **Respondent A** was denied licensure at the showroom location, they never made any changes to reflect that in their internal business structure, business bank account, website, or in the way they hold themselves out to the public.

Counsel requested **Respondent** to provide a notarized statement as part of the investigation in order to provide insight into the business structure and how **Respondent** utilizes the licensed dealership (**Respondent B**) and their showroom (**Respondent A**). **Respondent's** Vice President issued the notarized statement. The Vice President heads an automotive group which owns the showroom, licensed dealership, and the dealership that issued the temporary tags mentioned above. The following is a summary of that statement and its contents. **Respondent** states the showroom "is not a full-service dealership, it is a showroom. The dealership is currently split into two locations (showroom address and licensed dealership address). The Finance Manager processes the paperwork for **Respondent** at the licensed location and the showroom is specifically for looking at options and getting full one-on-one



experience with the vehicles.” Consumers test-drive vehicles at the showroom on average less than ten times a month. Only “demo” vehicles not available for sale are located at the showroom and vehicles for sale are located at the licensed dealership. Two licensed salespersons for the licensed dealership are the employees that work at the showroom and consult with consumers there, but **Respondent** claims all paperwork is either done online or at the licensed dealership. Inventory vehicles are sometimes located at the showroom because they transport the salespersons to and from the licensed dealership. **Respondent** admits the manufacturer describes the physical location for the dealership at the showroom location, stating “this is the location where they want clients to experience their vehicles.” **Respondent** blames the “City of Nashville” for prohibiting them from allowing transactions to occur at the showroom and fails to recognize or comprehend that the Commission is a separate entity who maintains authority over the licensure of dealerships. This is particularly concerning given the fact that they currently maintain multiple dealerships in various locations across the state. **Respondent** blames their “corporate” entity for their website contents and takes no accountability for what is included on their website. **Respondent’s** banking address is the showroom address, and they explain they fully intended to only have one dealership location at the showroom location until “the city of Nashville” turned down their attempt to make that their sole location. **Respondent** admits to then opening the “second location” to “accommodate the city.” **Respondent** further states their factory products were set up prior to them knowing they would not be approved for a dealer license at their intended location (showroom) so they never corrected the address, which is why it appears on the Total Loss Protection Addendums and Road Hazard Service Contracts.

Counsel argues that it is clear by **Respondent’s** notarized statement that **Respondent** always intended to use the showroom location as a dealership, and when they were denied licensure, they created the “showroom” to get around the law. **Respondent** appears to be treating both of their locations as dealerships. **Respondent** has not used the unlicensed location as a showroom as instructed. Respondent has ignored the instruction of the Commission and ignored the denial of licensure at their showroom location, in turn showing a lack of respect for the statutes and rules that govern the industry. Counsel recommends issuing a \$5,000 civil penalty against **Respondent A** for each violation, including: unlicensed activity at the showroom, including making appointments with consumers and allowing them to test drive vehicles (TCA 55-17-109); failure to supervise salespersons at the showroom allowing sales activity to take place (TCA 55-17-114(b)(1)(H)); deceptive advertising by using a dealer name interchangeably with their licensed dealership at another location (Rule 0960-01-.12(1)(b)); and false, fraudulent or deceptive acts involving the sale of a vehicle by identifying the showroom as a dealer on contractual paperwork for the sale of a vehicle and service products (TCA 55-17-114(b)(1)(K)). Counsel recommends a total civil penalty of \$20,000. Counsel argues the maximum civil penalty should be assessed for each violation because of Respondent’s intentions in misusing the showroom and because there are multiple instances of each act. Penalty to be levied against **Respondent A** – unlicensed showroom.

Counsel recommends opening a complaint against the licensed dealership (**Respondent B**), which is owned by the same automotive group that owns **Respondent’s** showroom. Counsel recommends issuing a \$5,000 civil penalty against this licensed dealership (**Respondent B**) for each violation, including: failure to obtain a license at a second dealership location where **Respondent** is attempting to advertise and sell vehicles (TCA 55-17-110); engaging in deceptive advertising by advertising vehicles for sale at the showroom (Rule 0960-01-.12(1)(b)); and failure to supervise salespersons, allowing them to work at the showroom and engage in sales activity (TCA 55-17-114(b)(1)(H)). Counsel recommends a total civil penalty

of \$15,000. Counsel argues the maximum civil penalty should be assessed for each violation because of **Respondent's** intentions in misusing the showroom and considering there are multiple instances of each act. Penalty to be levied against **Respondent B** – licensed location – when a response to the complaint is received.

Counsel recommends opening a complaint against the licensed dealership (**Respondent C**) who issued the temporary tags to the vehicles advertised for sale at the showroom but sold by the licensed dealership. This dealership is also owned by the automotive group that owns the showroom and other dealership. Counsel recommends issuing a \$1,000 civil penalty for each temporary tag issued, for a total \$3,000 civil penalty for false, fraudulent and deceptive acts involving the sale of a vehicle (TCA 55-17-114(b)(1)(K)). Penalty to be levied against **Respondent C** when response to complaint is received.

**Recommendation: \$20,000 civil penalty against the showroom (Respondent A) for multiple violations; open a complaint against Respondent's licensed dealership location (Respondent B) and issue a \$15,000 civil penalty for multiple violations; and, open a complaint against the licensed dealership (Respondent C) that issued the temporary tags to vehicles sold by Respondent's licensed dealership, and issue a \$3,000 civil penalty for false, fraudulent or deceptive acts involving the sale of a vehicle**

**Commission Decision: \$20,000 civil penalty against the showroom (Respondent A) for multiple violations. Open complaints against Respondents B and C and present those matters at the next meeting.**

### **RE-PRESENTATION:**

**2. 2024045361 (TH)**

**Date Complaint Opened: 08/14/2024, 11/04/2024**

**First Licensed: 12/04/2000**

**Expiration: 11/30/2024**

**License Type: Motor Vehicle Dealer**

**History (5 yrs.): 2021 – One complaint closed with \$250 civil penalty for failure to respond to the Commission's request for a response to a complaint.**

Complainant explains Respondent has not provided their title for a vehicle they purchased in October 2023.

Respondent explains they have been unable to obtain the title from the dealer they purchased the vehicle from prior to selling it to Complainant. Respondent states they are expecting to receive the title shortly and will provide it to Complainant once it has been received.

Counsel recommends assessing a Five Thousand Dollar (\$5,000.00) civil penalty for Respondent's extreme delay in providing Complainant the title. Additionally, Counsel recommends opening a secondary complaint against the originating dealer who has been delayed in providing the title to Respondent and referring the matter to the Tennessee Department of Revenue.

Recommendation: Counsel recommends assessing a Five Thousand Dollar (\$5,000.00) civil penalty. Additionally, Counsel recommends opening a secondary complaint against the originating dealer who has been delayed in providing the title to Respondent and referring the matter to the Tennessee Department of Revenue.

Commission Decision: Concur

**New Information:** Counsel has spoken with the owner of the Respondent Dealership who advised that they have since personally gone and obtained the title from the previous dealership who sold Respondent the vehicle. Further, Respondent explained they had never encountered being unable to acquire a title from another dealer and were unsure of how to properly remedy the issue. However, Respondent has informed Counsel they are willing to waive nearly four thousand dollars (\$4,000.00) still owed by Complainant on the vehicle. Additionally, Respondent has been operating for over twenty (20) years and has had minimum disciplinary history. Accordingly, Counsel is recommending closing this complaint with a Letter of Warning.

**New Recommendation:** Letter of Warning.

**New Commission Decision:** **Concur.**

Chairman Roberts requested the Commission review the supplemental legal report. Commissioner Leavy made a motion to adopt the legal report as amended, Seconded by Commissioner Vaughan. Chairman Roberts called for a roll call vote.

#### **ROLL CALL VOTE**

IAN LEAVY	YES
CHARLES WEST	YES
DEBBIE MELTON	YES
SANDRA ELAM	YES
JOHN RYDELL	YES
NELSON ANDREWS	YES
JIM GALVIN	YES
STAN NORTON	YES
FARRAR VAUGHAN	YES
HUBERT OWENS	YES
KARL KRAMER	YES
JOHN ROBERTS	YES

**MOTION PASSED**

**Chairman Roberts then recognized Chairman Charles West for a Report from Rules Committee Meeting having met earlier in the day**

Chairman West:

The Rules Committee met earlier today to consider staff recommendations for rule amendments consistent with PC328 of 2021 *Tenn. Code Ann. § 4-5-213*, which requires each department to submit a report every eight years with proposed amendments to existing rules for each chapter. As such, staff undertook this process and provided a report to the chairs of the House & Senate Government Operations Committee on December 1, 2023. Based on this report, staff is making the following suggested amendments to our existing rules:

The inclusion of previously omitted fee increases for certain licenses and the elimination of the fee for a vehicle show permit. In addition to the removal of the vehicle show permit, changes were suggested to more accurately depict the current practice for vehicle shows and displays largely removing all prior requirements.

An addition to our motor vehicle and recreational vehicle dealer facilities requiring a licensee to submit a 30-day notice to the commission of their intent to relocate along with the submission of the new application.

Finally, technical changes are recommended for inclusion specifically in the Dismantler & Recycler Rules so they mirror language found in our general rules. These additions include restating language in our general rules specific to civil penalties, compliance with state and federal laws, and the rules surrounding complaints and mail. These do not represent new regulatory requirements or additional licensure standards.

Rules Committee Chairman West made a motion to adopt the Retrospective Rule report, Seconded by Commissioner Vaughan. Chairman West called for a voice vote.

**VOICE VOTE**

<b>IAN LEAVY</b>	<b>YES</b>
<b>CHARLES WEST</b>	<b>YES</b>
<b>DEBBIE MELTON</b>	<b>YES</b>
<b>SANDRA ELAM</b>	<b>YES</b>
<b>JOHN RYDELL</b>	<b>YES</b>
<b>NELSON ANDREWS</b>	<b>YES</b>
<b>JIM GALVIN</b>	<b>YES</b>
<b>STAN NORTON</b>	<b>YES</b>
<b>FARRAR VAUGHAN</b>	<b>YES</b>
<b>HUBERT OWENS</b>	<b>YES</b>
<b>KARL KRAMER</b>	<b>YES</b>

**JOHN ROBERTS                      YES**

**MOTION PASSED**

**Adjourn**

Chairman Roberts called for a motion to adjourn the meeting. Commissioner Vaughan made a motion to adjourn, seconded by Commissioner Norton. Chairman Roberts called for a voice vote.

**MOTION PASSED**

**MEETING ADJOURNED**