



**Before The  
State Of Wisconsin  
DIVISION OF HEARINGS AND APPEALS**

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In the Matter of Dealer Bond Claim against Auto  
World Inc.

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Case No: DOT-25-0013

Claimant: [REDACTED]

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**FINAL DECISION**

In accordance with Wis. Stat. § 227.47 and 227.53(1)(c) the PARTIES to this proceeding are certified as follows:



Auto World Inc.  
5311 13<sup>th</sup> Street  
Kenosha, WI 53144

West Bend Mutual Insurance  
1900 S. 18<sup>th</sup> Avenue  
West Bend, WI 53095

**PRELIMINARY RECITALS**

On November 15, 2024, [REDACTED] (claimant) filed a claim with the Wisconsin Department of Transportation (DOT) against the motor vehicle dealer bond of Auto World, Inc. On May 13, 2025, the Division of Hearings and Appeals (DHA) by the undersigned Administrative Law Judge (ALJ) issued a Preliminary Determination approving the claim in the amount of \$4,906.95.

Within the objection period, on May 19, 2025, a representative of West Bend Mutual Insurance contacted DHA indicating that the total amount of bond claims involving the dealer may exceed the bond amount.

On July 11, 2025, the undersigned ALJ issued a Notice of Telephone Prehearing Conference for July 31, 2025. On July 31, 2025, the ALJ convened the Telephone Prehearing Conference as scheduled. Only the claimant entered an appearance.

There is no objection to the Preliminary Determination. Pursuant to Wis. Admin. Code § Trans 140.26(5)(d), the Preliminary Determination is adopted as the Final Decision of the Department of Transportation. The only modification is an addition to Finding of Fact paragraphs 2 and 3 to specify which 12-month period of the bond applies to the claim.

#### FINDINGS OF FACT

1. At all times relevant herein Auto World Inc. (dealer) was licensed by the Wisconsin Department of Transportation (DOT) as a motor vehicle dealer. The dealer went out of business on July 17, 2024.
2. The dealer has had a surety bond in force in the amount of \$50,000 since February 11, 2020 satisfying the requirements of Wis. Stat. § 218.0114(5) (Bond # [REDACTED] from West Bend Mutual Insurance Company). It provides, in relevant part, as follows:

“The face amount of this bond shall apply separately to each 12 month period (commencing with the beginning date of the bond) during which the bond is effective so that the full face amount shall be entirely available ‘for the benefit of any aggrieved persons’ during each 12 month period this bond is effective; thus, a liability of the surety incurred under this bond for an act of commission or omission occurring in one 12 month period shall not reduce the sum available to less than the above face amount for any other 12 month period during which the bond is effective.”

3. On October 29, 2022, [REDACTED] (claimant) and co-owner [REDACTED] purchased a 2023 Audi ([REDACTED]) from the dealer. The claimant paid the dealer \$4,906.95 for a third-party warranty with Sidecars/TruWarranty (\$4,111.95) and GAP insurance with American Guardian Warranty Services, Inc. (\$795).

The bond that was effective from February 11, 2022 to February 11, 2023 is the applicable 12-month period in which the dealer’s act occurred.

4. On August 20, 2024, the vehicle was involved in a collision and declared a total loss. The claimant learned that neither the service contract nor the GAP insurance had been activated.
5. On October 21, 2024, the claimant filed a complaint with the DOT. The DOT’s investigation confirmed that no GAP coverage was created by American Guardian Warranty Services, Inc. Further, the dealer voided the service contract with Sidecars / TruWarranty without being funded.
6. On November 11, 2024, the claimant filed a claim against the dealer’s bond seeking reimbursement for payment of the services that were not funded by the dealer.
7. On April 23, 2025, the DOT referred the matter to the Division of Hearings and Appeals (DHA) for a declaratory ruling pursuant to Wis. Admin. Code § Trans 140.26(1). The DOT recommended that the claim be paid in the amount of \$4,906.95.

## DISCUSSION

The procedure for determining claims against dealer bonds is set forth in Transportation Chapter 140, Subchapter II, of the Wisconsin Administrative Code.

A claim is allowable if it satisfies each of the following requirements:

- “(a) The claim shall be for monetary damages in the amount of an actual loss suffered by the claimant.
- (b) The claim arose during the period covered by the security.
- (c) The claimant’s loss shall be caused by an act of the licensee... which is grounds for suspension or revocation of [a salesperson or motor vehicle dealer license pursuant to s. 218.0116(1)(a) to (gm), (im)2., (j), (jm), (k), (m) or (n) to (p), Stats].
- (d) The claim must be made within 3 years of the last day of the period covered by the security...” Wis. Admin. Code § Trans 140.21(1).

The record shows that the dealer committed theft in violation of Wis. Stat. § 943.20(1)(b) by accepting the claimant’s payment for service contracts but then converting the funds to the dealer’s own use rather than paying for and activating the contract. These violations would constitute grounds for suspension or revocation of a motor vehicle dealer license under Wis. Stat. § 218.0116(1)(gm) (violating any law relating to the sale, lease, distribution, or financing of motor vehicles).

The claimant paid a total of \$4,906.95 to the dealer for vehicle-related services contract coverage that were not activated and therefore not available to the claimant when the vehicle incurred damage. Instead, the dealer kept the money. It was this violation that caused the claimant’s monetary loss. The claim is therefore granted in full to make the claimant whole.

## CONCLUSIONS OF LAW

1. The claim arose on October 29, 2022, which is the date of purchase of the vehicle and service contract from the dealer. The surety bond issued to the dealer covers the period commencing on February 11, 2020. The claim arose during the period covered by the surety bond. The claim is allowable under Wis. Admin. Code § Trans 140.21(1)(b).
2. The claim was filed on November 15, 2024, which is within three years of the last day of the period covered by the surety bond. The claim is timely pursuant to Wis. Admin. Code § Trans 140.21(1)(d).
3. The claimant suffered monetary damages as a result of an actual loss related to the vehicle that was caused by acts of the dealer that would be grounds for suspension or revocation of its wholesale license. The claim is allowable under Wis. Admin. Code §§ Trans 140.21(1)(a) and (c).
4. The Division of Hearings and Appeals has authority to issue the following order. Wis. Stat. §§ 227.43(1)(br) and 227.41(1), and Wis. Admin. Code § Trans 140.26(1).

## ORDER

The claim filed by [REDACTED] against the motor vehicle dealer bond of Auto World Inc., is APPROVED in the amount of **\$4,906.95**. West Bend Mutual Insurance Company shall pay the claimant this amount for their loss attributable to the actions of Auto World Inc.

Dated at Madison, Wisconsin on August 1, 2025.

STATE OF WISCONSIN  
DIVISION OF HEARINGS AND APPEALS  
4822 Madison Yards Way  
Madison, Wisconsin 53705  
Telephone: (608) 266-7709  
FAX: (608) 264-9885

By: \_\_\_\_\_  
Rachel Pings  
Administrative Law Judge

## NOTICE

Set out below is a list of alternative methods available to persons who may wish to obtain review of the attached decision of the Administrative Law Judge. This notice is provided to ensure compliance with Wis. Stat. § 227.48 and sets out the rights of any party to this proceeding to petition for rehearing and administrative or judicial review of an adverse decision.

1. Any person aggrieved by the attached order may within twenty (20) days after service of such order or decision file with the Department of Transportation a written petition for rehearing pursuant to Wis. Stat. § 227.49. A copy of any such petition for rehearing should also be provided to the Administrative Law Judge who issued the order. Rehearing may only be granted for those reasons set out in Wis. Stat. § 227.49(3). A petition under this section is not a prerequisite for judicial review under Wis. Stat. §§ 227.52 and 227.53.

2. Any person aggrieved by the attached decision which adversely affects the substantial interests of such person by action or inaction, affirmative or negative in form is entitled to judicial review by filing a petition therefore in accordance with the provisions of Wis. Stat. §§ 227.52 and 227.53. Said petition must be served and filed within thirty (30) days after service of the agency decision sought to be reviewed. If a rehearing is requested as noted in paragraph (1) above, any party seeking judicial review shall serve and file a petition for review within thirty (30) days after service of the order disposing of the rehearing application or within thirty (30) days after final disposition by operation of law. Pursuant to Wis. Admin. Code § Trans 140.26(7), the attached final decision of the Administrative Law Judge is a final decision of the Department of Transportation, so any petition for judicial review shall name the Department of Transportation as the respondent. The Department of Transportation shall be served with a copy of the petition either personally or by certified mail. The address for service is:

Office of General Counsel  
Wisconsin Department of Transportation

4822 Madison Yards Way, 9<sup>th</sup> Floor South  
Madison, Wisconsin 53705

Persons desiring to file for judicial review are advised to closely examine all provisions of Wis. Stat. § 227.52 and 227.53 to ensure strict compliance with all its requirements.