



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

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

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Case No: DOT-24-0038

Claimant: [REDACTED]

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**FINAL DECISION**

West Bend Mutual Insurance Company  
1900 S 18th Avenue  
West Bend, WI 53095

[REDACTED]  
[REDACTED]  
[REDACTED]

Auto World, Inc.  
7906 Sheridan Road  
Kenosha, WI 53143

[REDACTED]  
[REDACTED]  
[REDACTED]

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

**PRELIMINARY RECITALS**

On July 31, 2024, [REDACTED] filed a bond claim against the motor vehicle bond of Auto World, Inc. with the Wisconsin Department of Transportation. On September 3, 2024, the DOT referred the matter to the Division of Hearings and Appeals. Pursuant to the procedures set forth at Wis. Admin. Code § Trans 140.26, on September 3, 2024, a Public Notice to File Dealer Bond Claims was published in the *Kenosha News*, a newspaper published in the County of Kenosha, Wisconsin. The notice informed others who may have claims against the dealer to file them with the DOT no later than November 4, 2024. No additional claims were received.

On January 3, 2025, the Division of Hearings and Appeals by the undersigned Administrative Law Judge issued a Preliminary Determination. No objections were received. Pursuant to Wis. Admin. Code § Trans 140.26(5)(d), the Preliminary Determination is adopted as the Final Decision of the Department of Transportation.

**FINDINGS OF FACT**

1. Auto World, Inc. (dealer) was at all times relevant herein licensed by the Wisconsin Department of Transportation (DOT) as a motor vehicle dealer until going out of business on July 17, 2024.

2. The dealer has had a continuous surety bond in force in the amount of \$50,000 satisfying the requirements of Wis. Stat. § 218.0114(5) beginning on February 11, 2020 (Bond # 2431282 from West Bend Mutual Insurance Company).

3. On or about January 20, 2024, [REDACTED] (claimant) purchased a 2016 BMW (VIN# [REDACTED]) from the dealer. As part of the transaction, the claimant traded in to the dealer a 2019 GMC (VIN# [REDACTED]) (vehicle), which had a lien payoff amount of \$28,139.47 owed to UW Credit Union.

4. The purchase contract and financing documents clearly identify the existence of the GMC lien to UW Credit Union at the time of the transaction between the claimant and dealer.

5. The dealer failed to pay off the GMC UW Credit Union lien within 14 days of the purchase/trade-in transaction.

6. On February 15, 2024 the dealer sold the GMC to another customer without first paying off the UW Credit Union lien.

7. The claimant continued to be billed by UW Credit Union for the monthly loan payment for the GMC vehicle she no longer possessed or owned. Initially, the dealer insisted this was a mistake and refunded the claimant for the monthly loan payments withdrawn from her bank account. However, by June 2024, the dealer conceded it had not taken over the loan and could no longer refund the claimant for the monthly payment withdrawals, as the dealer was claiming bankruptcy.

8. On or about July 16, 2024, the claimant filed a complaint with the DOT. On or about July 17, 2024, the DOT met with the dealer to obtain documentation. The dealer essentially conceded the accuracy of the claimant's account.

9. On or about July 31, 2024, the claimant filed a bond claim with the DOT against the surety bond of the dealer requesting approval of the bond claim in the amount of the loan payoff inclusive of accumulated penalties.

10. On or about September 3, 2024, the DOT referred the bond claim to the Division of Hearings and Appeals for a declaratory ruling pursuant to Wis. Admin. Code § Trans 140.26(1). The DOT recommended that the claim be paid in full, which represents the loan payoff amount of \$28,344.80 (effective through February 28, 2025).

## DISCUSSION

The procedure for determining claims against dealer bonds is set forth in the Transportation Chapter 140, Subchapter II, of the Wisconsin Administrative Code. Pursuant to Wis. Admin. Code § Trans 140.21(1), a claim is an allowable claim 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, or the [licensee's] agents or employees, which is grounds for suspension or revocation of any of the following:

1. A salesperson license or a motor vehicle dealer license, in the case of a secured salesperson or motor vehicle dealer, 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. The department shall not approve or accept any surety bond or letter of credit which provides for a lesser period of protection.

There is no factual or legal dispute that the dealer violated the law by failing to satisfy the GMC vehicle lien within 14 days. Wis. Admin. Code § 139.07 provides:

“When a dealer accepts a vehicle in trade that is subject to an outstanding lien and agrees in the purchase contract to pay off the balance due the lien holder, the dealer shall pay the amount stated in the purchase contract due the lien holder, after any adjustments for any estimated trade-in lien payoff amounts pursuant to s. Trans 139.05 (8g) within 14 days of taking delivery of the trade-in vehicle. The dealer shall be responsible for any interest that accrues, penalties assessed, late fees, or other charges made on the debt secured by the lien to the extent those penalties, fees or other charges result from the dealer delaying payment of the amount stated in the purchase contract to be due the lien holder beyond 14 days of taking delivery of the trade-in vehicle.”

Violation of this requirement is 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). Further, it was the dealer's violation that caused the claimant to sustain loss, as the lien remained in her name and was not paid off, even after the dealer re-sold the vehicle.

The bond claim is approved in the full amount of the UW Credit Union loan payoff, which includes any interest, penalties, late fees, or other charges made on the debt. The record confirms that payoff amount is \$28,344.80 effective through February 28, 2025.

#### CONCLUSIONS OF LAW

1. [REDACTED] claim arose on January 20, 2024, which is the date she traded in the GMC vehicle thereby transferring ownership of the vehicle and its lien to the dealer. The continuous surety bond issued to the dealer by West Bend Mutual Insurance Company covers the

period commencing on February 11, 2020. The claim arose during the period covered by the surety bond.

2. [REDACTED] filed a claim against the motor vehicle dealer bond of the dealer on July 31, 2024. The bond claim was filed within three years of the last day of the period covered by the surety bond. Pursuant to Wis. Admin. Code § Trans 140.21(1)(d), the claim is timely.

3. [REDACTED] loss was caused by acts of the dealer that would be grounds for suspension or revocation of its motor vehicle dealer license. The record supports a claim in the amount of \$28,344.80. Pursuant to Wis. Admin. Code § Trans 140.21(1)(c) and (4), the claim is allowable.

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).

#### FINAL ORDER

The claim filed by [REDACTED] against the motor vehicle dealer bond of Auto World, Inc., is APPROVED in the amount of **\$28,344.80**. West Bend Mutual Company shall pay the claimant this amount for her loss attributable to the actions of Auto World, Inc.

Dated at Madison, Wisconsin on February 6, 2025.

STATE OF WISCONSIN  
DIVISION OF HEARINGS AND APPEALS  
4822 Madison Yards Way 5<sup>th</sup> Floor  
Madison, Wisconsin 53705  
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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.