



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

In the Matter of Claims Against the Dealer Bond
of Luna Auto Sales, LLC

Case No: DOT-24-0039

Claimant: [REDACTED]

FINAL DECISION

Lexington National Insurance Company
11426 York Rd. Fl. 2
Cockeysville, MD 21030

[REDACTED]
[REDACTED]
[REDACTED]

Luna Auto Sales, LLC
1645 Spring St. #210 L177
Beaver Dam, WI 53916

[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 August 27, 2024, [REDACTED] filed a claim with the Wisconsin Department of Transportation (DOT) against the motor vehicle dealer bond of Luna Auto Sales, LLC (dealer). On September 3, 2024, the DOT referred the matter to the Division of Hearings and Appeals. On September 12, 2024, pursuant to the procedures set forth at Wis. Admin. Code § Trans 140.26, a Public Notice to File Dealer Bond Claims was published in the *Beaver Dam Daily Citizen*, a newspaper published in the County of Dodge, Wisconsin. The notice informed others who may have claims against the dealer to file them with the DOT by November 11, 2025. No additional claims were filed.

On February 20, 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. Luna Auto Sales LLC (dealer) is licensed by the Wisconsin Department of Transportation (DOT) as a wholesaler. Johnathan Perez is the owner of the dealer.
2. The dealer has had a continuous surety bond in force in the amount of \$25,000 satisfying the requirements of Wis. Stat. § 218.0114(5) with a beginning date of September 21, 2023 (Bond # [REDACTED] from Lexington National Insurance Corporation).
3. On or about April 2, 2024, [REDACTED] (claimant) and co-owner McKinley Boutte purchased a [REDACTED] vehicle identification number (VIN) [REDACTED], from the dealer for \$4,300. The vehicle appeared to have approximately 118,000 miles.
4. The dealer is a wholesaler prohibited from selling vehicles to the general public.
5. On or about April 5, 2024, when claimant attempted to register the vehicle at the DOT division of motor vehicles, he was informed by a clerk that there was an issue with the title and “a criminal act had been committed.”
6. On or about April 8, 2024, claimant submitted a complaint to the DOT. The DOT determined that the mileage on the vehicle had been altered by “rollback”. Specifically, the DOT determined that the vehicle odometer was spun and the mileage disclosed on the title was altered from 206,442 to 106,442 – a difference of 100,000 miles.
7. The DOT attempted to contact the dealer and required a meeting to inspect records at the business on April 18, 2024. The dealer did not appear for the meeting. The DOT issued an advisory letter to the dealer requiring that the records be submitted electronically by April 25, 2024. The dealer did not respond to the letter or provide the records.
8. On or about July 11, 2024, claimant submitted a title application, and the vehicle was ultimately registered to claimant with the brand “tampering verified.”
9. On or about August 27, 2024, claimant filed the instant bond claim against the dealer. Claimant also provided subsequent information that the vehicle has multiple condition problems and was unlikely to last much longer.
10. On 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).
11. The DOT recommended that the claim be paid in the amount of \$1,720, which represents 40% of the purchase price. The DOT stated that the standard method for calculating damages in an odometer rollback case is the lesser of the following: (1) 40% of the purchase price (\$1,720), or (2) \$0.06 per mile rolled back (\$6,000). It is the DOT’s position that the claimant is not entitled to a buyback for the full purchase price because, as it relates to the title,

the vehicle was properly registered to claimant so they can legally operate it. Additionally, to the extent there are problems with the condition of the vehicle itself, the record does not demonstrate the dealer failed to disclose the condition, the record does not contain evidence of repairs, and claimant is currently using the vehicle.

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 engaged in several violations that 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).

First, the dealer violated Wis. Stat § 218.0114(1) and Wis. Admin. Code § 138.027(2) by selling the vehicle to the claimant in the first place, as the dealer is a wholesaler prevented from selling motor vehicles to retail buyers; the dealer engaged in unlicensed business by doing so. Second, the dealer violated Wis. Admin. Code Trans § 138.04(3) by failing to maintain records and make them open to inspection by the DOT. Third, the dealer committed multiple violations by tampering with both the odometer itself and the mileage disclosure on the title. *See* Wis. Admin. Code § Trans 154.04(1) (failing to properly disclose the vehicle mileage); Wis. Stat. § 347.415 (prohibiting odometer tampering); Wis. Stat. § 342.32(1) (prohibiting counterfeiting or supplying counterfeit title or instruments used as evidence of the mileage disclosure of a vehicle); Wis. Admin. Code § Trans 139.04(7) (requiring true mileage disclosure); and Wis. Admin. Code Trans § 139.03(1) (prohibiting the use of false, deceptive, or misleading advertising or representation to induce the purchase of a vehicle).

It is clear that the dealer’s violations caused the claimant’s loss. The dealer was not licensed to sell the vehicle in the first place, and the dealer’s misrepresentations as to the mileage of the vehicle induced the claimant to purchase a vehicle the claimant believed had 100,000 less

miles than actual.¹ To boot, although the claimant was eventually able to title and register the vehicle, the title is branded with “tampering verified.” This further diminishes the value of the vehicle and puts the claimant at a significant disadvantage in the chances of being able to re-sell the vehicle to recoup their losses.

Allowing the claim for only 40% of the purchase price of the vehicle as recommended by the DOT does not adequately account for the severity of the violations and adverse impact on the value of the vehicle. The claimant should not be made to keep a vehicle with a dubious title brand, or to absorb part of the purchase price. Rather, the claimant should be allowed to return the vehicle to the dealer and receive a full refund of the purchase price to put toward a replacement vehicle purchased through a licensed dealer. The claim is approved in the full amount of the purchase price of the vehicle as requested in the bond claim. Upon payment to the claimant from the bond company, the claimant will need to return the vehicle to the dealer.

CONCLUSIONS OF LAW

1. The claim arose on April 2, 2024, which is the date of purchase of the vehicle from the dealer. The surety bond issued to the dealer by Lexington National Insurance Corporation covers the period commencing on September 21, 2023. 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 August 27, 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 not 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 dealer bond of Luna Auto Sales, LLC is APPROVED in the amount of **\$4,300**. Lexington National Insurance Corporation shall pay the claimant this amount for the loss attributable to the actions of the dealer. In turn, the claimant shall return the vehicle to the dealer.

¹ By the DOT’s calculations, if the claimant was reimbursed per mile at \$0.06 for each falsified mile, it would exceed the price paid for the vehicle (100 miles x \$0.06 = \$6,000). This illustrates how detrimental the dealer’s violations were to the value of the vehicle.

Dated at Madison, Wisconsin on April 4, 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, 9th 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.