



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

In the Matter of Claims Against the Dealer Bond
of R & R Car Sales, Inc.

Case No: DOT-24-0050

Claimant: [REDACTED]

FINAL DECISION

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

Lexington National Insurance Company
P.O. Box 6098
Lutherville, MD 21094

[REDACTED]
R & R Car Sales, Inc.
24310 Crabtree Ct.
Plainfield, IL 60585-2283

[REDACTED]
[REDACTED]
[REDACTED]

PRELIMINARY RECITALS

On September 6, 2024, [REDACTED] filed a claim with the Wisconsin Department of Transportation (DOT) against the motor vehicle dealer bond of R & R Car Sales, Inc. (dealer). On November 27, 2024, the DOT referred the matter to the Division of Hearings and Appeals. On December 26, 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 Dodge County, Wisconsin. The notice informed other persons who may have claims against the dealer to file them with the Department by February 24, 2025. No additional claims were filed.

On April 21, 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. R & R Car Sales Inc. (dealer) was previously licensed by the DOT as a motor vehicle dealer. Its dealer license was revoked by the Department on May 22, 2024 due to evidence of unlicensed retail sales and odometer fraud. [REDACTED] 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) since May 11, 2023 (Bond # [REDACTED] from Lexington National Insurance Company).
3. On January 27, 2024, [REDACTED] (claimant) purchased a 2014 Toyota, vehicle identification number [REDACTED], from the dealer. According to a copy of the purchase agreement and tax form, the purchase price was \$6,000 cash.
4. The claimant purchased the vehicle based on a Facebook advertisement posted by [REDACTED] [REDACTED] which advertised the vehicle as having 120,000 miles. The advertisement further stated “nothing wrong with car no issues no rust no leaks no body damage.”
5. Following the purchase, [REDACTED] submitted an Illinois title application for the vehicle on behalf of the claimant, which listed the vehicle mileage as 128,626 miles and the seller as Xtream Auto, LLC.
6. In March 2024, the DOT began an investigation into several vehicles titled to Xtream Auto, LLC that were sold by the dealer with odometer discrepancies.
7. Documentation obtained during DOT’s investigation shows that [REDACTED] purchased the 2014 Toyota at auction on behalf of the dealer on November 30, 2023, at which time the vehicle’s odometer reading was listed as 207,896 miles. The DOT determined that the dealer had subsequently “rolled back” the mileage on the vehicle by spinning the vehicle odometer and altering the mileage disclosed.
8. DOT’s investigator also noted several title reassignments on the vehicle’s title that appeared suspicious:
 - a. On December 5, 2023, the dealer reassigned the title to AJs Luxury Motors, LLC (located in Hamilton, MT) with an odometer reading of 207,896 miles.
 - b. On December 10, 2023, the title was reassigned from AJs Luxury Motors to Jomark Inc. (located in Newark, IL) with an odometer reading of 126,432 miles.
 - c. On December 15, 2023, the title was reassigned from Jomark Inc. to US Steel Horse LLC with an odometer reading of 128,563 miles.
 - d. On December 20, 2023, the title was reassigned from US Steel Horse LLC to Xtream Auto, LLC with an odometer reading of 128,565 miles.
9. DOT contacted the owner of Xtream Auto, LLC, who stated that Xtream Auto, LLC had never owned or obtained title to the vehicle and was not involved in a transaction with the

claimant. The claimant likewise confirmed that she purchased the vehicle from [REDACTED] and had no contact with Xstream Auto, LLC.

10. When DOT's investigator called [REDACTED] for more information, [REDACTED] stated he had already addressed the issues with the claimant, and the call disconnected. The DOT investigator called [REDACTED] again the following day and was informed that [REDACTED] had left the country and would not be returning for several months.
11. On May 22, 2024, DOT issued a Notice of License Revocation to the dealer based upon several allegations of title fraud, unlicensed retail sales, and odometer fraud, including the transaction at issue in this instant bond claim. A hearing was held by a DOT hearing examiner on June 21, 2024, during which time [REDACTED] apparently explained that someone who works for him changed the odometer reading for several vehicles because the odometer was broken. The hearing examiner concluded that [REDACTED] had purposefully altered mileage disclosure statements and certificates of titles for several vehicles to reflect lower vehicle mileage. On June 26, 2024, DOT approved and affirmed the revocation of the dealer's license effective July 26, 2024.
12. On September 6, 2024, the claimant filed the instant bond claim with the DOT against the surety bond of the dealer in the amount of \$9,500, which she indicates was the purchase price of the vehicle. However, the purchase agreement and "vehicle use tax transaction return" form provided by the claimant listed the selling price as \$6,000.
13. On November 25, 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).
14. The DOT recommended that the claim be paid in the amount of \$2,400 based upon 40% of the vehicle purchase price, which it determined to be \$6,000 based upon the documentation provided by the claimant. 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 (\$2,400), or (2) \$0.06 per mile rolled back (\$3,258.56). 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.

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 falsified the title for the 2014 Toyota it sold to the claimant, creating several false title transfers and falsely identifying the seller in the transaction as Xtream Auto, LLC. The dealer also committed odometer fraud, rolling back the mileage from 207,896 to 128,565 at the time the vehicle was reassigned to Xtream Auto, underrepresenting the vehicle's actual mileage by at least 81,464 miles. The dealer thereby violated the following: Wis. Stat. § 342.06(2) (knowingly making a false statement in an application for a certificate of title); Wis. Stat. § 342.32(1) (counterfeiting or supplying a forged or fictitious certificate of title and vehicle mileage disclosure); and Wis. Stat. § 943.38(1)(a) (altering a vehicle title with intent to defraud).

These are, in turn, violations that are 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) and Wis. Stat. § 218.0116(1)(j) (advertising or displaying any statement or representation with regard to the sale, lease, or financing of motor vehicles which is false, deceptive, or misleading).

The claimant suffered a loss caused by violations of the dealer. Due to the misrepresentations of the dealer, she was induced to purchase a vehicle that had 81,464 miles more than she was led to believe. The claimant is seeking \$9,500, which she asserts is the amount she paid for the vehicle. However, because the vehicle use tax transaction return form provided by the claimant listed the selling price as \$6,000, the record supports a finding that the sale price was \$6,000 rather than \$9,500. Contrary to DOT's recommendation, allowing the claim for only 40% of the purchase price of the vehicle 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 \$6,000 purchase price of the vehicle. Upon payment to the claimant from the bond company, the claimant will need to return the vehicle to the dealer.

CONCLUSIONS OF LAW

1. [REDACTED] claim arose on January 27, 2024, when she purchased the vehicle from the dealer. The surety bond issued to the dealer by Lexington National Insurance Corporation covers the period commencing on May 11, 2023. The claim therefore arose during the period covered by the surety bond pursuant to Wis. Admin. Code § Trans 140.21(1)(b).

2. [REDACTED] filed the bond claim on September 6, 2024, which is within three years of the last day of the period covered by the surety bond. The claim is therefore timely pursuant to Wis. Admin. Code § Trans 140.21(1)(d).
3. [REDACTED] suffered monetary damages as a result of an actual loss caused by acts of the dealer that would be grounds for suspension or revocation of its motor vehicle dealer license. The claim is allowable under Wis. Admin. Code §§ Trans 140.21(1)(a) and (c) and is approved in the amount of \$6,000 based upon the documented purchase price of the vehicle.
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 R & R Car Sales, Inc. is APPROVED in the amount of **\$6,000**. Lexington National Insurance Company shall pay this amount for the loss attributable to the actions of the dealer.

Dated at Madison, Wisconsin on May 29, 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.