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Rep. Shankland: Introduces legislation to deter consignment sale fraud

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Contact: Rep. Katrina Shankland, (608) 267-9649

MADISON – Rep. Katrina Shankland (D-Stevens Point) introduced legislation to provide additional consumer protection needed to protect citizens from consignment sale fraud after a constituent became a victim of consignment sale fraud.

Currently, a dealership in Wisconsin is under investigation for taking advantage of citizens through fraudulent consignment sales. A consignment sale is an arranged trade where the owner of the car sells their car on a dealership lot and the dealer earns a percentage of the sale. Only when the dealer sells the car does the original owner of the car receive payment. This dealership preyed on people who listed their cars on Craigslist: employees working their phone bank would contact the owner and offer to sell their vehicle on the lot for them.

“We need to crack down on fraud and have laws in place to deter bad actors from taking advantage of people struggling to sell their vehicle on their own,” said Rep. Shankland. “The Wisconsin Department of Transportation has identified 15 people who sold their vehicle through the dealership but were never paid, and the FBI is investigating hundreds of other fraudulent sales from one person. This bad actor was able to sell another person’s vehicle even though the original owner still had their physical title.”

This bill increases DOT oversight over “consignment motor vehicle dealers,” which the bill defines to be any dealership that earns 90% or more of its income through

consignment sales. Under the bill, the bond required for a consignment dealer would increase by a factor of ten. Consignment dealers would be prohibited from electronically transferring a vehicle's title and registration, delivering a vehicle to a purchaser until the owner has been paid in full, and selling a vehicle that is subject to a lien without written communication from the lienholder. This will ensure that those who decide to sell their vehicle through consignment can trust that the transaction is protected.

"Although this fraud is uncommon, it is devastating to the consumer when it occurs," continued Rep. Shankland. "This legislation would serve as a deterrent for anyone considering this type of large-scale consignment sale fraud, sending a message that we will not tolerate this despicable practice."

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