

Meeting Minutes of the Arkansas Motor Vehicle Commission

Business Meeting
900 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201

August 21, 2024

CALL TO ORDER

The regularly scheduled meeting of the Arkansas Motor Vehicle Commission was called to order August 21, 2024, at 9:38 A.M. by Commission Chair Joy Blankenship.

ATTENDEES

The commissioners in attendance included Commission Chair Joy Blankenship, Jerel Saeler, Michael Johnson, Scott Wood, Jimmy Jones, Michael Moix, and Clay Maxey. Staff present included Director Daniel Pace, Licensing Supervisor Alexis Dunlap, and Investigators Margie Sexton and John Aquilino. Also, in attendance was Assistant Attorney General Michael Bynum. This Commission meeting was broadcast on AR-CAN Arkansas PBS.

NEW BUSINESS

Commission Chair Joy Blankenship informed the commissioners of the passing of Commissioner Duane Neal. Mr. Neal served as an Arkansas Motor Vehicle Commission commissioner for over 9 years and will be remembered fondly for his dedication to his role.

PREVIOUS MEETING MINUTES

The minutes from the Wednesday, June 19, 2024, regularly scheduled meeting were reviewed and unanimously approved by the Commission following a proper motion by Michael Moix and a second by Jerel Saeler.

REPORTS AND INFORMATION

Director Pace presented the Financial Revenue and Expenditure Reports for fiscal years 2024 and 2025. Fiscal year 2025 reflected a revenue deposit total of \$306,250.00 to date. Director Pace estimated an additional \$5000.00 in revenue has been received since the report was compiled on August 16, 2024. Following a proper motion by Michael Johnson and a second by Jimmy Jones, the commission unanimously approved the Financial Revenue and Expenditure Reports.

Director Pace presented the Monthly License Activity Reports. Director Pace noted the addition of one new franchise dealer Monticello Chevrolet GMC. The Commission unanimously approved the Monthly License Activity Reports after a proper motion by Jimmy Jones and a second by Scott Wood.

The Investigation Summary Reports compiled by Investigators Margie Sexton and John Aquilino included the timeframe of June 2024 through August 2024. There have been investigations into title issues, unlicensed dealers, unlicensed manufacturers, warranty, and advertising complaints. In addition, there have been 30 noted dealer visits conducted during the two months. The investigators have completed 9

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advertisement reviews for licensed Franchise Auto Dealers since the first of the year. The Commission has seen an increase in complaints in 2024 so far and is on track to surpass the total number of complaints filed and completed during the 2022 and 2023 calendar years. As of August 14, 2024, there have been 22 formal complaints, and 75 non-formal complaints filed. Commission Chair Joy Blankenship asked Director Pace for clarification on the ownership structure of Tractor Supply Company, a company with several investigations.

Assistant Attorney General Michael Bynum noted an update to the Relevant Market Area Protest Complaint that has been filed with the Commission. An existing cycle dealer Bradford Marine & ATV has filed the complaint against an active Distributor BRP US Inc., as the Distributor has notified the Commission and the existing dealer of their intent to establish a new cycle dealer of the same line-make of products in the existing dealer's relevant market area. The Commission has 180 days from the date of the written protest being filed to conduct a hearing. Both parties listed in the complaint have retained legal counsel and are engaged in active discussions to resolve the dispute before a hearing is conducted. Assistant Attorney General Michael Bynum has received a formal letter attesting that both parties agreed to waive the 180-day hearing requirement and requested the hearing be rescheduled to early 2025. Commissioner Micheal Moix proposed a motion to reschedule the hearing to the January 2025 regularly scheduled meeting date to take place on the third Wednesday of the month (January 15, 2025). Commissioner Jerel Saler seconded the motion, and the commission unanimously approved the motion.

ACTIONS & DISCUSSION

Director Pace presented an overview of Rule 2: Hearing Provisions, Rule 4: Facility Requirements for Locations Licensed by the Commission, Rule 5: Limitations of Sales of New Motor Vehicles, AR Code § 23-112-103: Definitions, and AR Code § 23-112-301: License Required – Definition.

Director Pace introduced a Formal Complaint (C#24-015) against Thamlev owned by Mr. Kevin Tham, in regard to the company's Manufacturer License, License number 10364M. At the last regularly scheduled meeting on June 19, 2024, the Commission requested that a formal investigation be completed, which would be presented to the Commission at the August 21, 2024, commission meeting for review. After a review of the case background presented to the commission at the previous commission meeting, investigators Margie Sexton and John Aquilino presented the findings for the formal investigation. Commission staff found that the status of the business license issued by the Arkansas Secretary of State has been updated to revoked. Following the finding, both investigators conducted a site visit to the company's last known business address. Investigator Margie Sexton entered the unlocked building and

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found that there were no products and only empty desks and empty boxes in the building. The investigators then visited Thamlev's current dealer, Car Company of Russellville, owned by Nate Saul, to inquire about any products that they may still have from the manufacturer and any communications that they have had with Kevin Tham. During the visit, it was revealed that Mr. Saul is still in possession of products that are unable to be sold as the accompanying batteries were never delivered. Mr. and Mrs. Saul provided documentation of payment although they have never received the parts. Mr. and Mrs. Saul also revealed that the listed address for Thamlev was previously owned by N & V Properties LLC, which is owned by the Sauls'. After being unable to conduct business with Mr. Tham any longer, the building was sold to Expedited Fastener Services Inc. Due to the sale, Thamlev is no longer able to utilize the last known business address to conduct licensed business in Arkansas. Mr. Saul also provided the last known personal address for Mr. Kevin Tham. Investigators Margie Sexton and John Aquino then visited the owner's home address, and he was not present, however, Mr. Tham's wife was home, and she confirmed the address was their current residence. Commissioner Michael Moix inquired of Assistant Attorney General Michael Bynum and Director Pace about the necessity of holding a hearing to terminate the Thamlev license. Michael Bynum and Director Pace explained that although the license has not been renewed in two renewal cycles the license status is inactive, but it can be renewed if the owner pays all of the renewal and late penalty fees. Terminating the license would prevent Thamlev from renewing the current license at a later date after not abiding by the Arkansas Motor Vehicle Commission rules and statutes. Commissioner Jimmy Jones proposed a motion to schedule a Commission hearing addressing Thamlev's license status for the October 2024 regularly scheduled meeting to take place on the third Wednesday of the month (October 16, 2024). Commissioner Michael Moix seconded the motion, and the Commission unanimously approved the motion to schedule the Commission Hearing for October 16, 2024.

Director Pace presented a background on the numerous non-delivery of title complaints against Crain Automotive Group dealerships. Director Pace noted that fourteen (14) consumer complaints have been filed against multiple Crain Automotive Group dealerships throughout the state since the start of 2023. Investigator Margie Sexton presented information regarding a recent complaint C#24-010. Consumer Marlon Wells filed a complaint against Crain Kia of Sherwood for non-delivery of the vehicle title. Mr. Wells had reached out to Crain Kia of Sherwood on multiple occasions and had not received his title in 494 days as of the date the complaint was filed. The consumer was issued a commercial loan through their bank listing the 2022 Dodge Ram 500 the consumer purchased from Crain Kia of Sherwood as collateral. Since Mr. Wells had not received the title in a prompt time frame, he was unable to deliver a Certificate of Title or proof of ownership of the vehicle to the bank resulting in his loan being defaulted, his APR being changed to 18%, and an increase in his monthly payments. After the commission staff got involved, the title was issued within 48 hours. Director Pace explained that the state allows consumers 60 days to

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register a motor vehicle with the state without penalty, and many of the complaints filed against Crain Automotive Group dealerships exceeded the 60-day window. Commission Chair Joy Blankenship recommended that the Commission send a formal letter to open up a dialogue regarding the non-delivery of title complaints. Commissioner Clay Maxey proposed that the letter be hand-delivered, and a meeting be held between the Commission investigators and Crain Automotive Corporate's point of contact to discuss the issue directly. Assistant Attorney General Michael Bynum suggested that if a meeting is held, a follow-up letter should be sent to reiterate the purpose of the meeting, and the information discussed. A proper motion to address the non-delivery of titles with an in-person meeting and a request for a plan of action from Crain Automotive Group was proposed by Commissioner Michael Johnson with a second by Commissioner Michael Moix. The Commission then unanimously approved the motion. Commission staff will provide a follow-up report on the meeting and the Crain Automotive Group action plan at the October 16, 2024, regularly scheduled meeting.

Investigator Aquilino presented a Non-Formal Complaint against White River ATV owned by Bill Holifield. While investigator Aquilino was conducting his routine dealer visits in Batesville, he discovered that White River ATV was operating as a dealership in a shared location with a furniture store. Investigator Aquilino explained the Facility Requirements noted in Rule 4 and provided Mr. Holifield with a copy for his records. Mr. Holifield was informed that an investigation would be initiated, and he would be presented with his options at a later time. The Commission Ad Hoc Committee met and discussed the White River ATV facility violations and decided that White River ATV must be in compliance with Commission facility requirements to maintain its dealer license. Investigator Aquilino met with Mr. Holifield to discuss the Ad Hoc Committee's findings. Mr. Holifield informed Investigator Aquilino that he had an additional property in Batesville that could be used for the dealership. Investigator Aquilino advised Mr. Holifield to utilize Rule 4 as a reference in the establishment of the new dealership facility and instructed him to schedule a site inspection with Commission staff to ensure facility compliance no later than December 1, 2024. Commissioner Michael Johnson proposed a motion to approve Investigator Aquilino's current action plan with Mr. Holifield and Michael Moix seconded the motion. The commission then unanimously approved the motion.

Director Pace presented two (2) Voluntary License Surrender Agreements from license holders no longer conducting business in the state of Arkansas (listed under Section 7A on the agenda). The first Voluntary License Surrender Agreement for Franchise Auto Dealer Lucky's of Monticello was submitted due to the completion of the sale of their franchise dealership to new owners. The second Voluntary License Surrender Agreement for Franchise Cycle Dealer Wood Powersports of NWA was submitted because they were issued a duplicate license in 2023. The listed license holders requested that the license

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presented be terminated and they all acknowledged that if they wish to engage in business in the state of Arkansas after the license has been terminated, they must apply for a new license through the Arkansas Motor Vehicle Commission. After a proper motion to approve both of the Voluntary License Surrender Agreements listed under Section 7A on the Agenda by Michael Johnson and a second by Michael Moix, the Commission unanimously approved the motion.

Director Pace provided an update to the Commission with respect to the Automotive Technologist Education Grant Program (ATEGP). At the regularly scheduled meeting on May 15, 2024, the Commission approved full funding for all 11 Grant applicant requests, and the total amount awarded was \$234,050.43 for 2024. The Commission staff processed the funding requests, and the Grant Warrants were issued before the end of Fiscal Year 2024. The Commission staff has received verification that all eleven (11) Grant applicants have received and deposited the funds. The ATEGP accounting report 1 is due from each grant recipient on September 8, 2024.

Director Pace introduced a Formal Investigation (C#24-019) against Tractor Supply Company, in regard to the company selling unlicensed products. Investigators Margie Sexton and John Aquilino conducted inspections at twenty-four (24) Tractor Supply Company locations in Arkansas after an unlicensed store was discovered with low-speed vehicles for sale. Tractor Supply Company has thirty-six (36) locations in the state and only one location is a licensed dealership. The investigation revealed that twenty-one (21) of the twenty-four (24) locations visited had various motor vehicles displayed for sale which fall under the Commission's definition of new motor vehicle products that require a license to be sold in Arkansas. Each Tractor Supply location inspected does not meet the facility requirements to become a licensed dealer at this time. A proper motion was made by Commissioner Jimmy Jones to have the Director and Assistant Attorney General send an official letter to Tractor Supply Company Corporate to facilitate a dialogue regarding the numerous licensing violations discovered by Commission staff and bring all Tractor Supply store locations into compliance with Commission rules and license statutes. Commissioner Michael Moix seconded the proper motion, and the motion was then unanimously approved by the Commission.

Director Pace presented a License Renewal Late Fee Waiver Request on behalf of Tao Motor Inc., regarding the company's Distributor License D10454. Tao Motor Inc. requested that the Commission waive license renewal late fees in the amount of \$3150.00. Tao Motor Inc.'s Distributor license was renewed seven months after the renewal period ended. Tao Motor Inc. provided documentation of their attempt to utilize the previous renewal method for their Distributor license. After considering all of the facts presented in this matter, a proper motion was made by Commissioner Michael Moix to approve the late fee waiver request from Tao Motor Inc., and the motion was seconded by Commissioner Michael Johnson.

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The Commission then unanimously approved the motion to approve the late fee waiver request from Tao Motor Inc.

ADJOURNMENT

Following a proper motion by Michael Moix and second by Michael Johnson, Chair Joy Blankenship thanked everyone for their attendance and adjourned the meeting at 11:37 A.M. on August 21, 2024, by unanimous approval of the Commission.

Minutes submitted by:

Alexis Dunlap Daniel Pace 10.11.2024
Alexis Dunlap and Daniel Pace Date:

Minutes Approved by:

Joy Blankenship 10.11.2024
Commission Chair Joy Blankenship Date: