

# HOW TO GET A DEALER'S LICENSE AND START A PROFITABLE USED CAR BUSINESS

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**HOW TO GET A  
DEALER'S LICENSE  
AND OPERATE A PROFITABLE  
USED CAR BUSINESS**

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## HOW TO GET YOUR DEALER LICENSE

First, I want to thank you for ordering this manual. You will find it a helpful introduction in starting a used car business.

My name is Don Massey and I'm a licensed wholesale dealer in Colorado. I have been involved in buying and selling cars for years. Many people ask me are you "the" Don Massey? Don Massey is a dealership that has many locations around the country, primarily Cadillac. Sorry to say that's not me!

I find that there are two primary types of interest in my manual. First, a need to know how to open a used car lot and second the interest in buying and selling a few cars a year as a part time business. Others want to know how can I go to a wholesale auction, buy a car and resell it for a profit. All usually require a dealer's license.

The first thing that you must do is call the agency in your state that issues auto dealer licenses. You will find the web sites and telephone numbers in Appendix II. Either download the application from their website or ask them to send you the licensing information for a used car dealer license. You may find the license requirements on their websites. Ask them to send you a license application package.

There is one exception to this. In Massachusetts car dealers are licensed by individual cities, not the state. When I make references in this manual to state licensing organizations, those of you in Massachusetts it is your city government that is the licensing organization.

Now let me get brutally honest. In most states it is very difficult to buy and sell cars from your home. Here's why.

The licensing of car dealers is to protect the interests of the consumer. Even with licensing there are buyers who are defrauded everyday by dealers! The following is a listing for three months in Colorado. These fines and actions were taken by the Colorado Motor Vehicle Board.

**Steven T. Stroud, dba Broadway Auto Sales-Denver - #36345** – defrauding any buyer/seller (6counts); fraudulent transaction; nondelivery of title (6 counts). **\$180,000, FULL RESTITUTION, LICENSE REVOKED.**

**Thomas E. Fink, dba auto Finance Center LLC-Greeley - #4443** – defrauding any buyer/seller (9 counts); failure to honor check/draft to a dealer/wholesaler (2 counts); fraudulent transaction (9 counts). **\$105,000 FINE, 30 DAY SUSPENSION, FULL RESTITUTION (\$100,800, 11 DAYS SUSPENSION HELD IN ABEYANCE FOR 12 MONTHS PROBATION)**

**Francisco Angel-Zaragoza, dba Pacho's Auto Sales & Body Work – Henderson - #36308** – willfully violating any state or federal law respecting commerce or motor vehicles – To Wit: use of building/land in violation of zoning Regulation M; material misstatement in an application of license. **\$10,000 FINE, LICENSE REVOKED (\$9,000 FINE AND REVOCATION OF LICENSE HELD IN ABEYANCE FOR CHANGE OF CLASS OF LICENSE FROM USED TO WHOLESALE, ATTEND LICENSING SEMINAR AND 1 YEAR PROBATION).**

**Marie D. DeHerrera, dba Amigo's Autos – Longmont - #37114** – failure to honor check/draft to a dealer or wholesaler (3 counts); fraudulent sale (3 counts); failure to perform written agreement (3 counts); failure to deliver title within 30 days. **\$100,000 FINE, FULL RESTITUTION, LICENSE REVOKED.**

**John Moxon, dba C.A.R.S. – Greenwood Village - #36578** – defrauding any buyer/seller (3 counts); failure to honor written agreement; fraudulent sale (3 counts); failure to deliver title (2 counts). **\$90,000 FINE, FULL RESTITUTION, LICENSE REVOKED.**

**Sammy Yu –Salesperson - #31900** – fraudulent business practice (4 counts), unfitness; unlicensed dealer - **\$6,000 FINE (\$5,400 HELD IN ABEYANCE FOR 2 YEARS PROBATION)**

As you can see, there can be problems in the auto industry and the states have the legal right to take corrective action.

If you're not licensed to buy and sell cars and do it anyway, there may be criminal penalties the state can impose.

I want you to know this so that you won't be tempted to circumvent the laws of your state. In other words, don't buy and sell cars outside the laws of your state.

If caught, the minimum offense is a misdemeanor crime in most states, a felony offense in others.

The laws are also written to protect the dealers. Dealers can have hundreds of thousands of dollars invested in their dealerships. They do not want competition from Joe Blow in his apartment down the street. So they have used their influence to construct the regulations to keep the individual from obtaining a license to sell from their home.

Now that I have your attention does this mean you still can't buy and sell cars part time? You may be able to after you review the regulations in your state.

First, some states allow a person to sell a limited number of cars a year without requiring a license. Find out what it is for your state. It varies from 0 to 12.

You may still be able to buy and sell cars as a part-time business with a license within the guidelines of your state. Let me show you how.

**You must think “out of the box”!**

So let's see how.....