

The Great American Car STEALERship!

Highway Robbery in the Parking Lot.
(And How You Can Avoid Being Ripped Off)



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Foreword

Driving your new car for the first time is probably the second best feeling in the world. Some argue that it's actually a close third, right after making money. Either way, we can all agree it's a special moment in one's life.

It's a mix of freedom, pride and pure joy. First, just being able to afford a car is a blessing. For those of us who grew up without a family car (3rd world), a car is a distant daily dream. Secondly, your car says a lot about you. A car is an extension of the driver. Is your car clean? Is it banged up with mismatched colors? If you're stuck behind a Subaru, you have a certain image and idea as to who the driver is (tree hugger). If you see someone driving a Lexus¹, you know a genius is sitting behind the wheel.

Cars are a big part of life today. Americans rely on their cars heavily², and it is the second biggest purchase they make in their life (after their home). This is why I felt compelled to speak on the horrifying fraud and scam Americans suffer at the hands of car stealerships. Buying a car for your child when they first get their license should be a joyful experience and a dream come true, but it is often times a nightmare, especially for those who can least afford to be scammed. Car stealerships have many different ways to defraud you, including charging high fees and interest rates during financing, overpricing the car, misrepresenting the condition and mileage of the car, extended warranties, made up fees etc etc.

This paper seeks to raise awareness and expose the financial and emotional toll being imposed on Americans, including on how you can avoid being a victim. Thank you for reading.

¹ Consumer Reports: Lexus Makes the Most Reliable Cars; Lincoln the Least, Kelley Blue Book, <https://www.kbb.com/car-news/consumer-reports-lexus-makes-the-most-reliable-cars-lincoln-the-least/>

² 9 Reasons the U.S. Ended Up So Much More Car-Dependent Than Europe; Bloomberg, <https://www.bloomberg.com/news/articles/2014-02-04/9-reasons-the-u-s-ended-up-so-much-more-car-dependent-than-europe>

Chapter 1

Why Is This Happening?

This is rather simple. The powerful car stealership lobby has persuaded state governments to pass dealership franchise laws and prevent auto makers from directly selling to customers. This is why you can buy essentially everything online, including pillows with actor Nicholas Cage's face on it, but not something you need to get to work or school.

These abusive, anti-capitalist, anti-American laws are the main reason why this is happening. So the next time you get robbed in the parking lot by a young man in khakis and a bright colored shirt, think of your state representative.

Dishonest 'Car Guys' with no college degrees are also another reason for the Car Stealerships. The opaque nature of cars, coupled with the fact that little to no entry barriers exist in the car stealership business, enable cunning car guys to make a decent living off the back of hard working Americans. But without state governments providing them the means to do it, dishonest car guys could not do this, thus the ultimate blame lies with the government.

Chapter 2

Why This Matters and the Damage Caused by Car Stealships.

A car is an American's second biggest life purchase, after their home. The average car payment is now a mind boggling \$725 per month³. This does not include gas, insurance or repairs. A couple of decades ago, \$725 per month was the mortgage on a small but solid house on the outskirts of town. This impacts a solid chunk of the American population (over 100 million Americans have car loans with a total of \$1.3 trillion in total loans).⁴ Car Stealships also result in cars being more expensive. So while defrauding you and providing no value, they also end up costing you more. Car Stealships were also main players in the inflation wave we experienced post COVID.⁵ A real scam-demic is taking place every day in parking lots and showrooms across this great nation.

This is why this matters. Americans are being held down financially. Accumulating capital and wealth is not easy, and bleeding thousands of dollars every month all but ensures that people will stay poor, just to be able to get to work.

Apart from having no money left over to save or invest, the absurd cost of a car hurts Americans in increased repossessions⁶ (which lowers credit scores and in turn makes home ownership all but impossible). A car is a depreciating asset. Most middle class Americans cannot afford to pay even a \$500 unexpected expense.⁷

³ What's the Average Car Payment, NerdWallet, <https://www.nerdwallet.com/article/loans/auto-loans/average-monthly-car-payment>

⁴ A Record 107 Million Americans Have Car Loans, CNN, <https://money.cnn.com/2017/05/19/news/economy/us-auto-loans-soaring/index.html>

⁵ Why Is Inflation so Stubborn? Cars Are Part of the Answer, New York Times, <https://www.nytimes.com/2023/05/20/business/economy/car-prices-inflation.html>

⁶ The Repo Man Returns as More Americans Fall Behind on Car Payments, Bloomberg, <https://www.bloomberg.com/news/articles/2023-04-19/inflation-high-car-prices-hurt-us-consumers-and-boost-repo-demand>

⁷ A \$500 Surprise Expense Would Put Most Americans in Debt, CBS News, <https://www.cbsnews.com/news/most-americans-cant-afford-a-500-emergency-expense/#:~:text=Fifty%2Dseven%20percent%20of%20Americans,1%2C003%20adults%20earlier%20this%20month.>

Chapter 3

How the Stealerships Defrauds You and How to Avoid it.

Americans will risk getting literally murdered on Craigslist⁸ rather than go to the car stealership. Everyone has a story of how they got scammed at the car stealership. The situation is bad, however most people, feeling disempowered by the process and the odds, simply take the abuse and move on with their lives. Car salesmen are rated worse than Congress members⁹. Think about it. We won't talk about car and body repair shops but the story is similar and the fraud is flourishing there as well. A decent exposé documentary could be made on them.

There are so many ways stealerships defraud you so the examples listed here are really just a partial accounting. Stealerships are on the vanguard of coming up with new ways to defraud customers.

The main way car stealerships defraud you is during the financing process. Ever notice how a salesman only asks how much you can afford per month instead of in total? That is a telltale sign. They want to see how much they can bleed from you monthly. Then they give you the worst possible car, with a loan stretched out for 896 months to fit your monthly budget. They add fines and points to the loan to squeeze every dime from you. That is why car stealerships are not impressed when you say you are paying cash.

→How to fight this: Don't go the stealership in the first place (buy private). Or pay cash (but don't tell them before hand) or go in with a pre-approval letter from your bank or credit union.

⁸ 101 Murders Have Been Linked to Craigslist; Washington Post, <https://www.washingtonpost.com/news/the-intersect/wp/2016/01/11/think-twice-before-answering-that-ad-101-killers-have-found-victims-on-craigslist/>

⁹ Congress Retains Low Honesty Ratings, Gallup, <https://news.gallup.com/poll/159035/congress-retains-low-honesty-rating.aspx>

There are many other ways car stealerships scam you, including selling you a car with accident or water damage, by selling you a car with a rolled back odometer. And get all promises in writing, no exceptions.

→How to fight this: Always, and with no exception should you ever buy a car without a CarFax or pre purchase inspection.

Conclusion

Are there honest car dealers? Yes, but they are far and few. If you are an honest car dealer, thank you. This paper is not about you. To the majority of you car stealerships, and you know who you are, oooooooooooooooooooooo, I can't say what I really want to say, other than, I call on state and city representatives to stop the fraud and abuse.

Car Sale Contract

I. Seller Information

Name: _____

Address: _____

License #: _____

II. Buyer Information

Name: _____

Address: _____

License #: _____

III. Car Information

Year, Make and Model: _____

VIN #: _____

Miles: _____

IV. Car Condition (select one)

Good working condition

Something is wrong (*please explain below. Ex. accident, damage etc*)

V. Promises by Seller (select one)

None

As below (*please explain below*)

VI. Other

VII. Acknowledged by:

Seller

Buyer