



Curbstoning

From the Office of Minnesota Attorney General Lori Swanson

At some point, it might happen. You drive down the street and see a vehicle parked at the curb with a “for sale” sign in the window. You’re in the market for a used vehicle, so you stop to take a look. At first glance, the vehicle looks pretty nice—the exterior has a fresh coat of wax, the interior looks clean, and, from outward appearances, the vehicle seems in good shape. You write down the phone number and decide to call. Before you make the call, know your legal rights.

Most private sellers are honest individuals who simply want to sell their decent used car privately rather than trade it in. Consumers in the market for used vehicles should be sure to differentiate legitimate private sellers (who infrequently put up an old car for sale when they buy a new one) from unscrupulous fly-by-night operators known as “curbstoners.” A curbstoner is an auto dealer who engages in a brisk business of buying and selling used vehicles in large quantities but doesn’t bother to get a proper license. These “pros” attempt to fly under the radar by posing as private sellers—placing vehicles for sale on the street and in parking lots and running advertisements in newspapers or on free online classified websites.

Buying a vehicle from a curbstoner can carry risks. Curbstoners may not hold title to the vehicles they sell, which increases the likelihood that you won’t be able to obtain or transfer title to the vehicle. Curbstoners sometimes also take advantage of buyers by rolling back odometers to increase the vehicle’s apparent value, or by selling previously wrecked, salvaged, or stolen vehicles without warning. Some curbstoned vehicles have had the bare minimum repairs necessary to make them appear to be in working order. Before purchasing a used vehicle, you should know the following information.

Used Vehicles Sales Laws

Both state and federal law regulate used car sales. Curbstoning is illegal in Minnesota. Minnesota law generally prohibits individuals from engaging in the business of selling used motor vehicles without a dealer license and an established place of business. Although there are limited exceptions, an individual who sells more than five motor vehicles in a 12-month period is generally considered to have engaged in the business of selling motor vehicles and, therefore, must be licensed with the Minnesota Department of Public Safety and maintain an established place of business.

The Federal Trade Commission’s Used Car Rule (“the Rule”) generally applies to individuals who sell six or more used vehicles in a 12-month period. The Rule’s primary purpose is to prevent used car sellers from misrepresenting or omitting material facts. It does so by requiring sellers to disclose certain information in a “Buyers Guide” that is posted in the vehicle’s window.

How to Identify a Curbstoner

If you see more than one of the following clues, you may be dealing with a curbstoner, as opposed to a person who just wants to sell an old car privately rather than trade it in through a dealer:

1. The vehicle is priced well below market value;
2. The seller’s name is not on the vehicle’s title;
3. The seller’s name or phone number appears more than once on a website or in the classifieds;
4. The seller asks you to meet him/her somewhere other than his/her residence.
5. The vehicle is for sale on a roadside, or in a parking lot;
6. The seller doesn’t own the vehicle, or claims to be selling it for a friend or relative.

Use Caution When Purchasing a Used Vehicle

If you suspect you're dealing with an illicit curbstoner, there are several steps you can take. Ask the seller if he or she owns the vehicle and ask to see the title. Also ask the seller for the vehicle's maintenance records. Curbstoners flip a high volume of cars very quickly and oftentimes do not have maintenance records. Take the vehicle to a mechanic for an inspection. While this may cost you a few bucks upfront, it could save you hundreds or even thousands in repairs down the road. Above all else, if something doesn't seem right, don't buy the vehicle!

Reporting Curbstoners

Consumers may report unlicensed dealers to the Department of Public Safety as follows:

Minnesota Department of Public Safety

Driver and Vehicle Services Dealer Unit

445 Minnesota Street, Suite 186

St. Paul, MN 55101

(651) 201-7800

www.dps.mn.gov/divisions/dvs

