

Enforcement – Motor Vehicle Dealers – Disciplinary Matrix

The Texas Department of Motor Vehicles (the Department) provides free and abundant resources with the intention of assisting licensees to operate successful and law-abiding businesses. Since September 2021, independent motor vehicle dealers have been required to take a dealer education course to obtain a new license or to renew an existing license.

The Department also offers a monthly, web-based, interactive Dealer Training Seminar (DTS) where attendees can ask Department staff questions about how to operate their business. In addition, the Department provides on its website a Motor Vehicle Dealer's Manual, a Title Manual, Registration Manual, webDEALER training, and other free, written materials for licensees to download and reference at their convenience.

When the Department receives a written complaint against a licensee, that complaint is investigated and may be referred to an attorney for enforcement action.

Section 2301.001 of the Texas Occupations Code gives the Department broad authority to regulate the distribution and sale of motor vehicles in the State of Texas. Section 2301.801 of the Texas Occupations Code allows for a civil penalty of up to \$10,000 for each violation. Section 2301.801 also notes that each act of violation and each day a violation continues is a separate violation in which a civil penalty of up to \$10,000 may be imposed. Section 2301.651 of the Texas Occupations Code allows the Department to revoke a license for violations listed under § 2301.651(a).

Additionally, section 503.095 of the Texas Transportation Code allows for a civil penalty of up to \$1,000 for each violation. Section 503.095 also notes that each act of violation and each day a violation continues is a separate violation in which a civil penalty of up to \$1,000 may be imposed. Chapter 503 violations may result in revocation under Texas Occupations Code § 2301.651.

This Disciplinary Matrix is intended to give licensees an idea of the types of sanctions that may be assessed against them for the most common violations encountered by the Department.

This Matrix does not contain all possible violations and does not serve to limit the sanctions the Department may seek in any case. The only limits on sanctions that the Department may seek against a dealer are found in sections 2301.651 and 2301.801 of the Texas Occupations Code and section 503.095 of the Texas Transportation Code.

Aggravating and Mitigating Factors

In determining the amount of civil penalty to assess, the Department will consider the following aggravating factors:

- The seriousness of the violation(s), including the nature, circumstances, extent, and gravity of any prohibited act, and the harm or potential harm to the safety of the public;
- The economic damage to the public caused by the violation(s);
- Any history of previous violations, including whether the licensee previously entered into an agreed order with the Department or otherwise received a warning or reduced penalty;
- The amount necessary to deter a future violation; and
- Any other matter that justice may require, including:
 - the number of violations or number of consumers harmed by violation(s);
 - whether the consumer received their title;
 - whether the license holder misused license plates or temporary tags;
 - whether the license holder attempted conceal a violation;
 - whether the act constituting the violation was intentional, premeditated, knowing, or grossly negligent; and
 - whether an order issued by the Department was violated.

In determining whether revocation is appropriate, the Department will consider the following factors:

- whether the license holder is unfit under standards governing the occupation, including qualifications for a license;
- whether the license holder made a material misrepresentation in any written communication or information provided to the Department;
- whether the license holder willfully defrauded a purchaser;
- whether the license holder misused license plates or temporary tags, including whether the license holder attempted to use an internet-down tag to avoid inspection requirements;
- whether the license holder failed to fulfill a written agreement with a retail purchaser of a vehicle or motor vehicle; and
- whether the license holder failed to attend an approved dealer training seminar as ordered in an agreed final order.

Failure to attend an approved Dealer Training Seminar as ordered pursuant to an agreed order may result in a \$10,000 civil penalty being assessed and will be considered by the Department in determining whether revocation is appropriate.

In determining the amount of civil penalty to assess, or whether revocation is appropriate, the Department will consider the following mitigating factors:

- acknowledgement by the licensee of any wrongdoing;
- willingness to cooperate with the Department; and
- effort(s) to correct a violation.

Violation	Low Sanction	High Sanction
<p style="text-align: center;">Advertising</p> <p>TEX. OCC. CODE § 2301.456 43 TEX. ADMIN. CODE §§ 215.241 - 215.271</p>		
Advertising - one cure letter is issued before a Notice of Department Decision is issued for the same or similar violation	\$4,000	\$8,000
<p style="text-align: center;">Fraud</p> <p>TEX. OCC. CODE § 2301.651 TEX. TRANSP. CODE § 503.038 TITLE 49 U. S. C. § 32704 43 TEX. ADMIN. CODE §§ 215.141</p> <p>The Department may seek revocation of the license for falsifying or forging a title document and/or filing a false or forged tax document.</p>		
Willfully defrauded consumer	\$1,000	Revocation
Falsification/Forgery of tax or title document	\$1,000	Revocation
Filing false tax or title document	\$1,000	Revocation
Dehorsing	\$2,000	Revocation
Misrepresenting mileage	\$2,000	Revocation
Failure to properly notify of replaced odometer (with evidence of intent to defraud)	\$1,000	\$4,000
Asserted false lien	\$1,000	Revocation
Failed to pay consignor	\$1,000	\$4,000
False statements to the Department on application	\$1,000	Revocation
Filed false statement of sales price in title application	\$1,000	\$4,000
Filed false statement of sales date in title application	\$1,000	\$4,000
Filed false statement in title application	\$1,000	\$4,000
False VIT statements	\$1,000	Revocation
<p style="text-align: center;">Unlicensed Activity</p> <p>TEX. OCC. CODE §§ 2301.006, 2301.251, 2301.252, 2301.253, 2301.351, and 2301.362 TEX. TRANSP. CODE §§ 503.021, 503.022, 503.027, and 503.038 43 TEX. ADMIN. CODE §§ 215.135, 215.140, and 215.141</p>		
Brokering new or used vehicles	\$1,000 per vehicle	\$4,000 per vehicle
Curbstoning by unlicensed dealer	\$1,000 per vehicle and/or referral to law enforcement	\$4,000 per vehicle

Curbstoning by licensed dealer	\$1,000 per vehicle	\$4,000 per vehicle
Aiding and abetting unlicensed sales/brokering	\$1,000 per vehicle	\$4,000 per vehicle
Allowed use of GDN	\$1,000 per vehicle	Revocation
Aided and abetted unlicensed sales	\$1,000 per vehicle	\$4,000
Selling new vehicles without license	\$1,000 per vehicle	Revocation

Selling type of vehicle without appropriate type license	\$1,000 per vehicle	Revocation
Operating as a wholesale auction without a license	\$2,000 per vehicle	\$8,000 per vehicle
Advertising as a lessor without a license	Warning Letter	\$4,000
Operating as a lessor or lease facilitator without a license	\$500	\$2,000
Operating as a manufacturer or distributor without a license	\$5,000	Referral to OAG
Selling from right-of-way	\$500 per vehicle	\$2,000 per vehicle
Unlicensed converter	Warning Letter	\$1,000 per vehicle

Lienholder Violations

TEX. TRANSP. CODE §501.115

TEX. FIN. CODE § 348.408

Failed to release lien within 10 days of payment	\$1,000 per vehicle	\$4,000 per vehicle
Failure to timely forward payoff for trade-in	\$500 per vehicle	\$2,000 per vehicle

Agent Violations

43 TEX. ADMIN. CODE § 215.148

Use of unauthorized agents	\$1,000	\$2,000
Failure to verify authority of agents	\$2,000	\$4,000
Failed to have record of agents and representatives	\$2,000	\$4,000

Tag and Title Violations

TEX. TAX CODE §§ 23.122, and 152.0411

TEX. TRANSP. CODE §§ 501.0234, 501.152, 502.491, 503.038, 503.061, 503.062, 503.0625, 503.0626, 503.063, 503.0631, 503.068, 503.070, and 504.901

43 TEX. ADMIN. CODE §§ 215.138, 215.141, 215.147, and 215.150 - 215.159

The term “temporary tag” as used below includes any temporary tag that the Department may authorize a licensee to obtain or issue.

When a licensee misuses a temporary tag, that is an extraordinary breach of trust. Cases involving the misuse of temporary tags will be sanctioned as such. Each misused temporary tag is a separate violation, and each misused temporary tag will incur a separate penalty. Inclusive of all other violations, the penalty will be capped at \$200,000 for most cases. If the

licensee's conduct is especially egregious, the penalty cap will be increased from \$200,000 to \$500,000.

The Department may also seek to deny a licensee access to the temporary tag database if the licensee misuses temporary tags. If the Department takes this step, the licensee will no longer be able to issue ANY temporary tags.

Failed to timely transfer title	Warning Letter	\$10,000 per vehicle
Failed to timely transfer title to out-of-state buyer	Warning Letter	\$10,000 per vehicle
Selling without title	\$1,000 per vehicle	\$10,000 per vehicle
Failed to take assignment of title	\$500 per vehicle	\$5,000 per vehicle
Failed to assign title	\$500 per vehicle	\$5,000 per vehicle
Gave title directly to buyer	\$500 per vehicle	\$5,000 per vehicle
Gave Manufacturer's Certificate of Origin directly to buyer	\$500 per vehicle	\$2,000 per vehicle
Failed to use "Export Only" stamp	\$1,000 per vehicle	\$4,000 per vehicle
Insufficient fund check for sales tax	\$300	\$2,000
Insufficient fund check for VIT fee	\$300	\$2,000
Misuse of dealer plate	Warning Letter	Revocation
Failed to keep metal plate record	Warning Letter	Revocation
Use of another dealer's metal plates	Warning Letter	Revocation
Issuing dealer's plate to unauthorized user	\$500 per vehicle	Revocation

Misuse/ failed to follow procedure for issuance/recordkeeping of converter tag	\$1,000 per tag	Revocation
Misuse/ failed to follow procedure for issuance/recordkeeping of dealer's temporary tag	\$1,000 per tag	Revocation
Misuse/ failed to follow procedure for issuance/recordkeeping of buyer's temporary tag	\$1,000 per tag	Revocation
Failed to remove out-of-state plates from dealer's vehicles	Warning Letter	\$2,000 per vehicle
No inspection within previous 180 days when issuing buyer's temporary tag for a used motor vehicle	\$500 per tag	\$2,000 per tag
Failure to remove Texas plates and registration	Warning Letter	\$2,000 per vehicle
Misuse/ failed to follow procedure for issuance/recordkeeping of internet down tag	\$1,000 per tag	Revocation
Failure to provide E-Tag notice or receipt	Warning Letter	\$2,000

Failure to Notify Department or Tax Authority

TEX. OCC. CODE §§ 2301.356, and 2301.358
 TEX. TAX CODE §§ 23.121 and 23.122
 TEX. TRANSP. CODE §§ 503.006 and 503.038
 43 TEX. ADMIN. CODE §§ 215.141 and 215.145

Licensees who issue temporary tags but fail to file monthly statements and annual declarations may be denied access to the temporary tag database in addition to incurring tag-related penalties as outlined in the section titled “Tag and Title Violations”.

Failed to timely notify of change of name/ownership	\$500	\$2,000
Failed to timely report change of address	\$500	\$2,000
Failed to get approval for show or display	\$1,000	\$4,000
Failed to file complete report with comptroller	\$500	\$1,000
Failed to file annual declaration	Revocation	Revocation
Failed to file initial declaration	Revocation	Revocation
Failed to file monthly statements	Revocation	Revocation

Premises Violations

TEX. TAX CODE § 23.121
 TEX. TRANSP. CODE §§ 503.032, 503.033, 503.038, and 728.002
 43 TEX. ADMIN. CODE §§ 215.140, 215.141, and 215.137

If a licensee does not meet premises requirements, the Department may seek revocation of the license. If a licensee is no longer at their licensed location, then the Department may seek revocation of the license as well as denial of access to the temporary tag database.

Violation of Blue Law	Warning Letter	\$1,000 per vehicle sold; Revocation if there is ongoing conduct.
If licensee is no longer at their licensed location, then the Department will seek revocation and denial of access to the temporary tag database	\$1,000	Revocation
No business hours posted	Warning Letter	\$4,000; Revocation if other premises requirements are not met
Failure to post copy of GDN license	Warning Letter	\$2,000; Revocation if other premises requirements are not met

No dealer or employee present during posted business hours (if the Dealer/employee is consistently absent from the licensed location, then the Department will seek revocation)	Warning Letter	\$4,000; Revocation if other requirements are not met
No one answering phone	Warning Letter	\$4,000; Revocation if other premises requirements are not met
Failed to maintain proof of security	Revocation	Revocation
Improper name on bond	Revocation	Revocation
Failed to show proof dealer still in business	Revocation	Revocation
Sold less than 5 motor vehicles in a year	Warning Letter	Revocation

<p style="text-align: center;">Required Disclosures</p> <p>TEX. OCC. CODE § 2301.651 TITLE 15 U.S.C. § 1233 TITLE 49 U.S.C. § 32704 16 C.F.R. § 455.2 43 TEX. ADMIN. CODE § 215.141</p>		
No Buyer's Guide displayed	Warning Letter	\$2,000
Removed or altered MSRP	Warning Letter	\$2,000
Failed to fulfill written agreement	\$1,000	\$4,000+
Failure to properly notify of replaced odometer	\$1,000	Revocation
Failed to disclose damage or provide notice of salvage title	\$1,000	Revocation
<p style="text-align: center;">Records Violations</p> <p>TEX. FIN. CODE § 348.006 43 TEX. ADMIN. CODE §§ 215.141, 215.144, and 217.5</p>		
Sold or leased vehicle not meeting emissions requirements	\$1,000 per vehicle	Revocation
Failed to keep required records – no records	\$1,000 per vehicle	\$4,000 per vehicle
Failed to keep required records – inadequate/missing records	\$1,000 per vehicle	\$2,000 per vehicle
Failed to comply with a written request for records	\$1,000 per vehicle	\$4,000 per vehicle
Failed to make records available for inspection	\$1,000 per vehicle	\$4,000 per vehicle
Failed to retain copy of compliant buyer identification	\$500 per vehicle	\$2,000 per vehicle
Overcharging documentary fees	\$1,000 per vehicle	\$5,000 per vehicle
No written consignment agreement	\$500 per vehicle	\$2,000 per vehicle

Enforcement – Salvage Vehicle Dealers – Disciplinary Matrix

Section 2302.354 of the Texas Occupations Code allows for an administrative penalty of up to \$1,000 for each violation. Section 2302.354 also notes that each act of violation and each day a violation continues is a separate violation in which an administrative penalty of up to \$1,000 may be imposed. The Department may also revoke a license for a violation under Section 2302.108 of the Texas Occupations Code.

This Disciplinary Matrix is intended to give licensees an idea of the types of sanctions that may be assessed against them for the most common violations encountered by the Department.

This Matrix does not contain all possible violations and does not serve to limit the sanctions the Department may seek in any case. The only limits on sanctions the Department may seek against a dealer are found in the Texas Occupations Code sections referenced above.

Aggravating and Mitigating Factors

In determining the amount of civil penalty to assess, the Department will consider the following aggravating factors:

- The seriousness of the violation(s), including the nature, circumstances, extent, and gravity of any prohibited act, and the harm or potential harm to the safety of the public;
- The economic damage to the public caused by the violation(s);
- Any history of previous violations, including whether the licensee previously entered into an agreed order with the Department or otherwise received a warning or reduced penalty;
- The amount necessary to deter a future violation; and
- Any other matter that justice may require, including:
 - the number of violations or number of consumers harmed by violation(s);
 - whether the consumer received their title;
 - whether the license holder misused license plates or temporary tags;
 - whether the license holder attempted conceal a violation;
 - whether the act constituting the violation was intentional, premeditated, knowing, or grossly negligent; and
 - whether an order issued by the Department was violated.

In determining whether revocation is appropriate, the Department will consider the following factors:

- whether the license holder is unfit under standards governing the occupation, including qualifications for a license;
- whether the license holder made a material misrepresentation in any written communication or information provided to the Department;
- whether the license holder willfully defrauded a purchaser;
- whether the license holder misused license plates or temporary tags, including whether the license holder attempted to use an internet-down tag to avoid inspection requirements;

- whether the license holder failed to fulfill a written agreement with a retail purchaser of a vehicle or motor vehicle; and
- whether the license holder failed to attend an approved dealer training seminar as ordered in an agreed final order.

In determining the amount of civil penalty to assess, or whether revocation is appropriate, the Department will consider the following mitigating factors:

- acknowledgement by the licensee of any wrongdoing;
- willingness to cooperate with the Department; and
- effort(s) to correct a violation.

Violation	Low Sanction	High Sanction
<p style="text-align: center;">Fraud</p> <p>43 TEX. ADMIN. CODE § 221.112</p>		
Willfully defrauding a purchaser	\$1,000 per vehicle	Revocation
Made a false statement or material misrepresentation to the Department	\$1,000	Revocation
<p style="text-align: center;">Unlicensed Activity</p> <p>TEX. TRANSP. CODE ANN. § 503.021 TEX. OCC. CODE ANN. §§ 2302.101 and 2302.103 43 TEX. ADMIN. CODE §§ 221.11, 221.53, 221.112</p>		
Buying/selling motor vehicles without GDN	\$500 per vehicle	Revocation
More than five casual sales	\$500 per vehicle	\$1,000 per vehicle
Operating as salvage dealer without proper endorsement	\$500 per vehicle	\$1,000 per vehicle
Aiding and abetting unlicensed salvage dealer operations	\$500 per vehicle	Revocation
Operation of salvage vehicle on a public highway	\$500 per vehicle	\$1,000 per vehicle
Curbstoning (the Department will seek revocation of the license if the dealer continues to curbstone)	\$500 per vehicle	\$1,000 per vehicle; Revocation
Operating from an unlicensed location	Revocation	Revocation
<p style="text-align: center;">Failure to Notify Department</p> <p>43 TEX. ADMIN. CODE §§ 221.18, 221.19, and 221.112</p>		
Failed to notify Motor Vehicle Division of additional business locations or of closing location	\$500	\$1,000
Failed to notify Motor Vehicle Division of change of ownership or name	\$500	\$1,000
<p style="text-align: center;">Premises Violations</p> <p>43 TEX. ADMIN. CODE §§ 221.41, 221.43, 221.44, 221.45, 221.46, and 221.112</p>		
Failure to meet location/premises requirements	\$1,000	Revocation
Failure to display permanent sign	\$1,000	Revocation
Failure to post business hours	\$500 (if cured)	Revocation
No dealer or employee present during posted business Hours	\$500 (if cured)	Revocation
No dealer or employee answering the phone during posted business hours	\$500 (if cured)	Revocation
Failed to display copy of license	\$500 (if cured)	Revocation
Failed to remain regularly and actively in business	Warning Letter	Revocation

Required Disclosures 43 TEX. ADMIN. CODE §§ 221.47, 221.48, 221.50, 221.51, 221.52		
Failed to receive evidence of ownership	\$500 per vehicle	\$1,000 per vehicle
Failed to obtain purchaser's signature on salvage vehicle disclosure form	\$500 per vehicle	\$1,000 per vehicle
Failed to obtain purchaser's signature on a non-repairable vehicle disclosure form	\$500 per vehicle	\$1,000 per vehicle
Restriction on sale or transfer of flood damaged vehicles	\$500 per vehicle	\$1,000 per vehicle
Restriction on sale or transfer of export-only vehicles	\$500 per vehicle	\$1,000 per vehicle
Failure to notify the Department vehicle will be scrapped or destroyed	\$500 per vehicle	\$1,000 per vehicle
Failure to notify Department vehicle has been scrapped or destroyed	\$500 per vehicle	\$1,000 per vehicle
Failed to identify all salvage vehicles offered for sale	\$500 per vehicle	\$1,000 per vehicle
Failed to identify all non-repairable vehicles displayed or offered for sale	\$500 per vehicle	\$1,000 per vehicle
Records Violations TEX. OCC. CODE § 2302.0015 43 TEX. ADMIN. CODE §§ 221.43, 221.51, 221.71, 221.72, 221.73, and 221.112		
Failed to allow entry or inspection	\$1,000	Revocation
Failed to make records available for inspection	\$1,000 per vehicle	\$4,000 per vehicle
Failed to comply with a written request for records	\$1,000 per vehicle	\$4,000 per vehicle
Failed to maintain a copy of signed disclosures	\$500 per vehicle	\$1,000 per vehicle
Failed to keep required records – no records	\$1,000 per vehicle	\$4,000 per vehicle
Failed to keep required records – inadequate/missing records	\$1,000 per vehicle	\$2,000 per vehicle