

Auto Dealers' Predatory Practices Target Our Troops Oversight Required

Auto-related scams are the leading source of financial readiness problems for active duty military personnel and their families.

- The U.S. Marine Corps reported, "buying cars causes more problems than any other single financial factor" for their personnel.ⁱ
- Other studies report that "many scams related to automobiles target military personnel"ⁱⁱ and that "cars are a big source of financial trouble for service people."ⁱⁱⁱ
- The U.S. Navy Fleet and Family Support Center acknowledged, "almost every service member will purchase a new or used car while on active duty. [They] will probably spend more of [their] income on automobiles than anything else."^{iv}
- A 2009 article reported "so many young enlistees have been targeted in recent years that some officers now call predatory dealers a threat to national security."^v
- In order to protect their troops, some commands have declared certain car dealers off-limits.^{vi}

Not only do predatory practices harm military personnel and their families, but they also undermine the general fitness of the military. When a soldier has "pressing financial problems, their performance in the field can be significantly compromised, even to the point of endangering themselves, their unit and the mission itself."^{vii}

Common auto dealer scams that target military personnel include:

- "Yo-yo" financing, a form of bait-and-switch, where the buyer ends up being switched to a higher interest rate and/or larger down payment, often under threat or intimidation.
- Buy Here / Pay Here car lots sell overpriced junkers that require immediate repairs the buyer cannot afford. The car is then repossessed and sold again to another unsuspecting soldier.
- Falsification of credit applications and other documents steer military personnel into loans they cannot afford.
- Failure to pay off liens on traded-in vehicles damages the credit of unsuspecting military personnel.
- Loan packing of unwanted, overpriced items inflate the principal price of a car.
- "Power booking" - the practice of selling extras that are never delivered.

**Congress Must Act To Protect Our Troops
Oppose Carve Outs for Auto Dealers**

ⁱ Financial Fitness, United States Marine Corps, Final Report, 2000.

ⁱⁱ "Operation: Military. Scams Against the Military: What Are They, Why They Occur, and How You Can Protect Yourself and Your Family" New York State Consumer Protection Board, at http://www.nysconsumer.gov/pdf/operation_military.pdf

ⁱⁱⁱ "In Harm's Way--At Home: Consumer Scams and the Direct Targeting of America's Military and Veterans." National Consumer Law Center, May 2003, page 40.

^{iv} The Navy Fleet and Family Support Center, Provided by Commander, Navy Installations Command.

^v "I Love A Mark In Uniform," *Mother Jones*, July-August 2009.

^{vi} "Army Puts Arizona Dealership Off-Limits," *Automotive News*, August 12, 2008.

^{vii} "Financial Fitness, "United States Marine Corps, Final Report.