

A Sacramento-based consumer advocacy group has joined a coalition calling for a proposed federal watchdog agency to scrutinize the financing practices of the nation's auto dealers.

The nonprofit Consumers for Auto Reliability and Safety (CARS) and the other groups held a conference call Tuesday urging the U.S. House of Representatives' Financial Services Committee to include monitoring of dealer financing in the proposed Consumer Financial Protection Agency.

Proposed by Rep. Barney Frank, the Massachusetts Democrat who chairs the House committee, the new agency would "protect consumers against unfair practices by financial services companies."

But CARS and about 30 other advocacy groups – including Consumers Union, the Consumer Federation of America (CFA) and Public Citizen – want car dealers also to fall under the federal umbrella.

However, Rep. John Campbell, an Orange County Republican, has led the opposition with an amendment that would exclude car dealers from agency scrutiny. He says it would be a costly, micromanaging measure.

Campbell's stand is supported by the Arlington, Texas-based National Independent Automobile Dealers Association, which told Frank that auto dealers would be subjected to "a myriad of new regulations" amid an economy that already has devastated the nation's auto industry.

Rosemary Shahan, president of CARS, contended Tuesday that keeping an eye on unscrupulous dealer practices would help the economy.

"Auto sales and service complaints consistently top the list of consumer complaints to state and local consumer protection agencies, and car-buying scams cost consumers billions in excessive, often hidden charges," she said. "If Congress wants to give the entire economy a

boost, reforming auto sales is where the pedal hits the metal."

Susan Weinstock, director of CFA's financial reform campaign, said monitoring unfair or deceptive dealer financing practices would be a natural byproduct of an agency designed to watch over credit card companies and other lenders.

"This is an agency that would write rules that would make sure the marketplace is fair," she said.

Shahan argued that some auto dealers "have engaged in numerous practices to maximize their profits, including charging excessive dealer mark-ups. These are akin to the fees that brokers get for raising interest on home loans."

During Tuesday's conference call, Roseville resident Stephanie Feliciano cited her experience with a local independent auto dealer when she traded in a 1998 Toyota Camry for a 1999 BMW sedan:

"I still owed \$5,000 on (the Camry) and they said, 'No problem, we'll just add it on to the loan, and we promise to pay off your trade-in' ... , and a few months later, I applied for an apartment, and the landlord there said I had a repossession on my credit report, which was a shock to me because that was the first time I learned that the dealership had not paid off my (Camry)."