

Military service people expect to be treated with respect, and frankly, they have earned the right. But it turns out that isn't what they get, especially when shopping for a car, according to a Marine Judge Advocate General Michael Archer, at Ft. Lejeune, N.C.

Many of the scams that target service members are the same as those that prey upon consumers, says Rosemary Shahan, a consumer advocate who runs Consumers for Auto Safety and Reliability.

In a press briefing, Shahan highlighted several scenarios that have been troublesome for service personnel that include lessons for all consumers and underscores the need for tighter regulation.

For example, there are cases when consumers have loans remaining on their trade-ins that aren't paid off by the dealer. This leaves those consumers with a loan on a car they no longer have, plus likely a loan on the new vehicle. The scenario is made worse should the dealer then sell the used car to other unsuspecting service members, even though they do not have titles and so can't be registered.

Another trick is known as "yo-yo financing" or "spot delivery." This is when a car buyer agrees to financing based on a loan application that hasn't been approved by a bank. When the car dealer can't get a bank to agree to the financing terms, they call the buyer back in to sign a new contract at generally less favorable terms.

These dishonest cars-sales practices have become so severe that the military services are offering special classes for soldiers on how to avoid scams at car dealerships. Military deployment manuals list car financing as the most frequent obstacle to financial readiness, says Shahan.

Angela Martin, a military veteran who puts on the classes, cites several reasons that men and women in military service are particularly vulnerable to these and other scams:

\* By definition, service members are a transient population. They will find it harder to go back to a car dealership to take care of problems if they get transferred. They also lose some legal protection, when they move out of state, because the new state's attorney general may be less interested in pursuing a case against a car dealer in another state.

\* Under an "allotment" system, soldiers' housing and other bills can be paid directly by the military. Some car dealers have demanded that payments be set up directly by allotment, so they will be paid first, even if the soldier needs money for other priorities.

\* Soldiers are susceptible to authority figures. When soldiers fall behind on payments these car dealers sometimes call their sergeant or commanding officer to demand payment.

\* Credit blemishes have a more direct impact on a soldier's career than on a civilian's. A credit problem can block a soldier's security clearance, which is often a job requirement. It can also hold up promotions, which under the military's "up or out" doctrine can threaten the soldier's career.

The case of Indus Yeldell is an excellent example. She bought a 2002 Chevrolet Cavalier with a five-year loan through the dealership for \$380 a month. Her payments were made on-time automatically through the military allotment system for 58 months. When she was transferred to Ft. Bragg, N.C., the payment didn't follow her, she says, and she missed her last two payments on the car. When she found out about the problem, she says she offered to make the payments directly, but the dealer refused and repossessed the car.

Along the way, she says, they called her First Sergeant and her Company Commander, trying to get the money. Now with the repossession on her record, she can't get a new car or a house.

Today, the House of Representatives will vote on the Consumer Financial Protection Act, which would set up an agency to regulate consumer credit products including credit cards, home mortgages, and some car loans. With backing from the National Automobile Dealers Association and other dealer groups, Rep. John Campbell, a car dealer from Orange County, Calif., pursued an amendment passed exempting car dealers from regulation by the agency unless they carry the loans themselves. The amendment was later withdrawn.

Consumers Union, the non-profit parent of Consumer Reports, has signed a letter requesting the provision governing car dealers be reinstated. The Senate is expected to take up the measure after it finishes health-care legislation.

Meanwhile, consumers, whether in the military or not, can avoid many of these dealer scams by

following our advice when shopping for a car: get your own financing; just say no to dealer extras; and if you're buying a new car, shop around to get dealers to compete for your business; or if you're buying used, have a qualified independent mechanic inspect the car before you buy.