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## Transportation Department Begins Clunker Audits

In order to audit compliance with the recent Cash for Clunkers program, the federal government is beginning to make random, unannounced visits to dealerships. The cash-for-clunkers legislation, signed by President Obama in June, gave the Transportation Department the authority to audit dealerships.

Dealers are advised to first verify the credentials of the auditors and then provide the individuals with the information requested. Dealers must make sure that all transaction paperwork is in order. Auditors will be looking at paperwork such as the title of the trade-in, insurance, registration and the vehicle identification numbers for both vehicles.

The Transportation Department auditors' focus is on possible fraud when disposing of trade-in vehicles. Auditors also will be physically inspecting the vehicle identification numbers of disabled vehicles that haven't been picked up by disposal facilities, trying to start the cars, and verifying that the engine disablement sticker was attached to the engine. Violations of the CARS regulations are subject to civil penalties of up to **\$15,000 per violation**. Dealers should continue to keep records of all transactions under the Cash for Clunkers program and a copy of the regulations for a period of **five calendar years** from the date on which they were generated or acquired.

### Payment of Claims

The National Highway and Traffic Safety Administration (NHTSA) has stated that they are increasing their efforts to pay dealers who sold cars under the Cash for Clunkers program and hope to process all outstanding rebate claims by September 30, 2009.

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