R O S T E R
NEW MOTOR VEHICLE BOARD

2415 1st Avenue, MS L242
Sacramento, California 95818

NAME	APPOINTING AUTHORITY	STATUS
Anne Smith Boland Term exp. 1-15-27	Governor's Office	Dealer Member
Ashley Dena Term exp. 1-15-26	Governor's Office	Dealer Member
Garrett Jensen Term exp. 1-15-27	Speaker of the Assembly	Public Member
Shirley G. Jones Term exp. 1-15-29	Governor's Office	Dealer Member
Ardashes (Ardy) Kassakhian Term exp. 1-15-26	Senate Rules Committee	Public Member
Bismarck Obando Term exp. 1-15-26	Governor's Office	Public Member
Alexandra Schultheis Term exp. 1-15-29	Governor's Office	Public Member
Jacob Stevens Term exp. 1-15-27	Governor's Office	Public Member

STATE OF CALIFORNIA

NEW MOTOR VEHICLE BOARD

NOTICE OF GENERAL BOARD MEETING

10:30 a.m. July 16, 2026

Department of Motor Vehicles
Assembly Room 6th Floor
2415 1st Avenue
Sacramento, California 95818
(916) 445-1888

The New Motor Vehicle Board (Board) is hosting a hybrid meeting, with in-person and remote options available to members of the public who wish to attend. You may attend the meeting in-person at the location noted above or join the meeting via Zoom.

Virtual participation information:
Call in number: 1-408-638-0968 (San Jose)

Meeting ID: 980 1563 9447

Participant ID: Does not apply

Passcode: 688513

Zoom video link:

https://zoom.us/j/98015639447?pwd=GbLvjcQZdHcnYva4nBbOQ9OBNGSaVp.1

Additional join instructions:
https://zoom.us/meetings/98015639447/invitations?signature=5oJrJG6PDa4zp8-WlRLi1aZBeVyZ1L20dN3-4xwkPcM

To turn on Captions In the meeting controls toolbar, click the **Show captions** icon. If you don't see **Show captions**, click the **More** icon, then click **Show captions**.

The Board provides an opportunity for members of the public to comment on each agenda item before or during the discussion or consideration of the item as circumstances permit. (Gov. Code § 11125.7) Written comments, if any, can be submitted at nmvb@nmvb.ca.gov. Items of business scheduled for the meeting are listed on the attached agenda. Recesses may be taken at the discretion of the Chairperson and items may be taken out of order.

When the public comment period opens for your item, you may comment using the “raise hand” function in Zoom. You can do this by clicking “Raise Hand” under the “participants” menu, which you can find at the bottom of your screen on the Zoom platform, or by pressing *9 if you are joining by phone. The person facilitating public comment will call on you and ask you to unmute your microphone by pressing *6 when your name is called. After you have made public comment, please lower your hand by pressing *9 and return to listen only mode by pressing *6. You may also email your public comment to nmvb@nmvb.ca.gov with "Public Comment" in the subject line.

Building Access information:
The meeting is being held at the Department of Motor Vehicles' Headquarters in Sacramento located between Broadway and 24th Street. Attendees need to check in at the security desk on the 1st floor to receive a visitor's badge.

Transportation/Parking information:
Guest parking passes are available in advance by emailing the Board at nmvb@nmvb.ca.gov or can be requested on the day of the meeting in the lobby. Free street parking is also available but may have a time limit. Board staff will be available to answer any questions and escort attendees from the lobby to the meeting room.

Other transportation options: SacRT

Addressing technical issues on Zoom:
You may email nmvb@nmvb.ca.gov and staff will respond.

Contact:
2415 1st Avenue, MS L242
Sacramento, California 95818
Telephone: (916) 445-1888
Board staff contact: Alex Martinez
New Motor Vehicle Board website
DMV press contact: (916) 657-6438
dmvpublicaffairs@dmv.ca.gov

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Para solicitar modificaciones o adaptaciones relacionadas una discapacidad, comuníquese con el personal al (916) 445-1888 o Alejandro.martinez2@dmv.ca.gov. Presentar su solicitud al menos cinco (5) días hábiles antes de la reunión ayudará a garantizar la disponibilidad de la adaptación solicitada.

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STATE OF CALIFORNIA

NEW MOTOR VEHICLE BOARD

A G E N D A

GENERAL MEETING

Department of Motor Vehicles
2415 1st Avenue
Assembly Room 6th Floor
Sacramento, California 95818
(916) 445-1888

July 16, 2026

Please note that Board action may be taken regarding any of the issues listed below. As such, if any person has an interest in any of these issues, they may want to attend.

The Board provides an opportunity for members of the public to comment on each agenda item before or during the discussion or consideration of the item as circumstances permit. (Gov. Code § 11125.7)

The meeting is being held at the Department of Motor Vehicles' Headquarters in Sacramento located between Broadway and 24th Street. Attendees need to check in at the security desk on the 1st floor to receive a visitor's badge. Guest parking passes are available in advance by emailing the Board at nmvb@nmvb.ca.gov or can be requested on the day of the meeting in the lobby. Board staff will be available to answer any questions and escort attendees from the lobby to the meeting room.

1. **10:30 a.m. -- Meeting called to order.**

2. **Roll Call.**

3. **Pledge of Allegiance.**

4. **Land Acknowledgement.**

5. **Approval of the Minutes from the February 19, 2026, Special Meeting, February 19, 2026, meeting of the Committee on Equity, Justice and Inclusion, and February 20, 2026, General Meeting.**

6. **Introduction and welcome of Alicia Fowler, General Counsel, and Jen-Ann Lee, Deputy General Counsel, California State Transportation Agency - Board Development Committee.**

7. **Public discussion on whether actual or sold technician hours are used in calculating a retail labor rate pursuant to Vehicle Code section 3065.2 as requested by the California New Car Dealers Association.**

8. **Board Member education concerning Statement of Incompatible Activities (Gov. Code §§ 19572, 19990; *Fisher* v. *State Personnel Bd.* (2018) 25 Cal. App. 5th 1), examples of activities that are incompatible, conflicts of interest (Gov. Code § 87100, et seq.), and ethics and disclosure rules by John T. McGlothlin, Deputy Attorney General assigned to the Board - Board Development Committee.**

9. **Discussion concerning Board Members using their personal emails and cell phones for Board business by John T. McGlothlin, Deputy Attorney General assigned to the Board - Board Development Committee.**

10. **Presentation of Resolution to Kathryn Doi, former Public Board Member.**

11. **Presentation of Resolution to Diana Woodward Hagle, former Administrative Law Judge.**

12. **Presentation of Resolution to Evelyn I. Matteucci, former Administrative Law Judge.**

13. **Presentation of Resolution of Resolution to Dwight V. Nelsen, former Administrative Law Judge.**

14. **Presentation of Resolution of Resolution to Kymberly Pipkin, former Administrative Law Judge.**

15. **Discussion and consideration of implementing Electronic Funds Transfer (EFT) for the payment of filing fees, the Annual Board Fee paid by manufacturers and distributors, and document request fees (Strategic Plan 2024-30, Goal 4.3) - Administration Committee.**

16. **Update on Board Development Activities - Board Development Committee.**

17. **Consideration of nominee for the Solon C. Soteras Employee Recognition Award recipient as recommended by the Board Development Committee.**

18. **Review and consideration of Board delegations in compliance with the 1996 Performance Audit conducted by Business, Transportation & Housing Agency - Executive Committee.**

19. **Update concerning the Board's compliance with the 1996 Performance Audit conducted by Business, Transportation & Housing Agency, and the resultant Corrective Action Plan - Executive Committee.**

20. **Report on the Board's financial condition and related fiscal matters - Fiscal Committee.**

    a. Report on the Board's Financial Condition through the 3rd quarter of Fiscal Year 2025-2026.

    b. Report concerning the Board's collection of its Annual Board Fee.

    c. Status report concerning the Board's collection of the Arbitration Certification Programs' annual fee.

    d. Discussion and consideration of the Board's proposed budget for the current fiscal year.

21. **Consideration of out-of-state travel plans for fiscal year 2026-2027 - Fiscal Committee.**

22. **Discussion and consideration of who will attend the out-of-state trip for the 1st half of fiscal year 2026-2027 that were approved by the Board - Executive Committee.**

23. **Status report on participant and audience responses to the questionnaire concerning the April 8, 2026 New Motor Vehicle Board Industry Roundtable focusing on California State Transportation Agency's (CalSTA) Core Four: Safety, Climate Action, Equity, and Economic Prosperity - Government and Industry Affairs Committee.**

24. **Discussion of jurisdictions and municipalities that received the ZEV Readiness Award (Strategic Plan Objective 2.7) - Government and Industry Affairs Committee.**

25. **Discussion and consideration of new motor vehicle dealers that took the EV (electric vehicle) Expert Pledge (Strategic Plan Objective 2.7) - Government and Industry Affairs Committee.**

26. **Discussion concerning pending legislation - Legislative Committee.**

27. **Discussion and consideration of proposed revisions to the Board adopted delegation of authority to the Executive Director to proceed with the rulemaking process to include updating addresses in the Board's regulations without Board approval as these changes are without regulatory effect - Policy and Procedure Committee.**

28. **Discussion and consideration of proposed policy making Board publications an exception report not requiring Board approval when the annual updates are limited to the date of publication, composition of Board Members and staff, and update addresses, websites, or phone numbers - Policy and Procedure Committee.**

29. **Discussion and consideration of proposed regulatory amendments adding Electronic Funds Transfer (EFT) to Section 553.40 (Filing Fees) of Title 13 of the California Code of Regulations - Policy and Procedure Committee.**

30. **Executive Director's Report.**

    A. Administrative Matters.
    B. Case Management.
    C. Judicial Review.
    D. Notices Filed Pursuant to Vehicle Code sections 3060/3070 and 3062/3072.
    E. Other.

31. **Public Comment. (Gov. Code § 11125.7)**

32. **Adjournment.**

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Memorandum

Date : JUNE 30, 2026

To : ALL BOARD MEMBERS

From : TIMOTHY M. CORCORAN

Subject : UPCOMING EVENTS

The following highlights the upcoming Board and industry events:

- July 16, 2026, Meeting of the Committee on Equity, Justice and Inclusion (Sacramento)
- July 16, 2026, General Meeting (Sacramento)
- September 29-October 2, 2026 National Association of Motor Vehicle Boards and Commissions (NAMVBC) Fall Conference partnering with the American Association of Motor Vehicle Administrators (AAMVA) for a joint session (Providence, Rhode Island)
- October 15, 2026, Meeting of the Committee on Equity, Justice and Inclusion (Glendale)
- October 15, 2026, Special Meeting for Public Members (Glendale) [placeholder]
- October 16, 2026, General Meeting (Glendale)
- November 20-29, 2026, AutoMobility LA (Los Angeles Convention Center)
- February 17-20, 2027 NADA Show (Orlando)
- February 2027, General Meeting (location to be determined)
- March 17, 2027, California New Car Dealers Association (CNCDA) Dealer Day (Sacramento)
- March 18, 2027, Special Meeting – Industry Roundtable (Sacramento)

If you have any questions or concerns about any of the upcoming Board meetings, please do not hesitate to contact me at (916) 244-6774.

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STATE OF CALIFORNIA

NEW MOTOR VEHICLE BOARD

M I N U T E S

The New Motor Vehicle Board ("Board") held a Special meeting on February 19, 2026, at Glendale City Hall, Council Chamber Room, 613 E. Broadway, 2nd Floor, Glendale, California 91206.

Anne Smith Boland, Vice President and Dealer Member, called the meeting of the Board to order at 2:30 p.m.

2. **ROLL CALL**

Board Members Present:	Anne Smith Boland Ashley Dena Garrett Jensen Shirley G. Jones Ardashes "Ardy" Kassakhian Allie Schultheis
Board Members Not Present:	Bismarck Obando Jacob Stevens
Board Staff Present:	Timothy M. Corcoran, Executive Director Kim Vaye, Assistant Director and Equity Officer Robin P. Parker, Chief Counsel

Executive Director Corcoran indicated that a quorum was established for general business.

3. **PLEDGE OF ALLEGIANCE**

Vice President Smith Boland led the members and staff in the Pledge of Allegiance.

4. **APPOINTMENT OF COMMITTEE MEMBERS TO THE COMMITTEE ON EQUITY, JUSTICE AND INCLUSION, BY THE BOARD PRESIDENT**

Vice President Smith Boland appointed Members Jensen, Jones, and Schulteis to the Committee on Equity, Justice and Inclusion.

5. **PUBLIC COMMENT** **(Gov. Code § 11125.7)**

No additional public comment was presented.

6. **ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at approximately 2:31 p.m.

Submitted by

____
TIMOTHY M. CORCORAN
Executive Director

APPROVED: __________________________
Jacob Stevens
President
New Motor Vehicle Board

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STATE OF CALIFORNIA

NEW MOTOR VEHICLE BOARD

M I N U T E S

The Committee on Equity, Justice and Inclusion held a meeting on February 19, 2026, at Glendale City Hall, Council Chamber Room, 613 E. Broadway, 2nd Floor, Glendale, California 91206.

Anne Smith Boland, Vice President and Dealer Member, called the meeting to order at 2:45 p.m.

2. **ROLL CALL AND ESTABLISHMENT OF QUORUM**

Committee on Equity, Justice and Inclusion Members Present:

Anne Smith Boland, Member
Ashley Dena, Member
Garrett Jensen, Member
Shirley G. Jones, Member
Ardashes Kassakhian, Member
Allie Schultheis, Member

Committee Members Not Present: Jake Stevens, Vice-Chair
Bismarck Obando, Member

Board Staff Present: Timothy M. Corcoran, Executive Director
Kim Vaye, Assistant Director and Equity Officer
Robin P. Parker, Chief Counsel

Assistant Director Vaye indicated that a quorum was established.

Vice President Smith Boland welcomed the everyone to the meeting.

3. **WELCOME NEWLY APPOINTED COMMITTEE MEMBERS**

Vice President Smith Boland welcomed Garrett Jensen, Public Member, Shirley G. Jones, Dealer Member, and Allie Schultheis, Public Member to the Board and Committee.

4. **DISCUSSION AND CONSIDERATION OF PROPOSED REVISIONS TO THE BOARD'S VISION AND MISSION STATEMENTS INCLUDING THE ADDITION OF VALUES STATEMENTS - AD HOC COMMITTEE TO REVIEW THE MISSION AND VISION STATEMENTS**

Assistant Director Vaye provided the members with a memo and proposed Vision, Mission and Values Statements the Ad Hoc Committee to Review the Mission and Vision Statements developed. She read the following proposal:

VISION: Building trust, cultivating relationships, and resolving disputes.

MISSION: To be a trusted government resource benefiting all Californians, enriching relations between new motor vehicle dealers and manufacturers, and delivering fair resolutions for consumers.

VALUES:

- Collaboration
- Efficiency
- Equity
- Integrity
- Transparency

Ad Hoc Committee Member Kassakhian remarked on the process for creating the proposal.

The members reviewed the Vision, Mission and Values Statements using the Equity Lens Assessment Rubric, which (1) identified stakeholders, (2) stakeholder input, (3) benefits, burdens, overall impact, (4) access, equity, and inclusion, and (5) measurable outcomes.

Member Kassakhian moved to bring this matter to the full Board. Member Dena seconded the motion. The motion carried unanimously. This matter will be considered by the Board at its February 20, 2026, General Meeting.

5. **DISCUSSION AND CONSIDERATION OF A LAND ACKNOWLEDGMENT TO BE READ AT MEETINGS AND ACTION STEPS BEYOND ACKNOWLEDGEMENT - WORKING COMMITTEE ON LAND ACKNOWLEDGMENTS**

The members were provided with a memo from Assistant Director Vaye with findings and recommendations from the Working Committee on Land Acknowledgments. Assistant Director Vaye read the proposed Land Acknowledgement:

Proposed NMVB Land Acknowledgment

We acknowledge that the land we now call California is the ancestral lands of the over 109 Nations, Tribes, and Peoples, along with over 60 non-federally recognized tribes located throughout the state. The Indigenous Peoples of this area have a deep, reciprocal relationship with the land as its original stewards. Their ways, methods, and traditions contribute to California's rich biodiversity and impact the transportation network for the state. Our transportation network not only connects us to families, friends, work, and leisure, it connects us to our past and future. We acknowledge that our nation and economy were created using the labor of enslaved African and Indigenous peoples, and the labor of many immigrants which enrich our communities.

We know this statement is only meaningful when coupled with actionable steps and sustained commitment. As such, we embrace our past, and commit to ongoing collective learning, fostering authentic relationships, and practicing inclusiveness and equity for everyone who calls this state home.

Next, Ms. Vaye read the following Actionable Steps:

- ✓ When possible, staff will purchase products and services from BIPOC-owned businesses.*
- ✓ When reasonable, when traveling for Board business, staff and members will stay at BIPOC-owned lodging.
- ✓ Staff will research BIPOC-led organizations and non-profits for possible collaboration with community engagement opportunities.
- ✓ Staff will research state-sponsored events happening and support when possible (Annual California Native American Day at the Capitol, California Native American Caucus events, Native American Heritage month, Missing, Murdered, Indigenous People Awareness Day/Month).

*BIPOC= Black, Indigenous, and People of Color

Member Kassakhian inquired about dealerships owned by Native Americans or that any are on tribal land. Interesting way to build a bridge. Member Dena commented on General Motors stance on tribal lands. Mr. Kassakhian inquired on whether the proposal goes above the state standard. Ms. Vaye indicated that the proposed Land Acknowledgement goes above. In drafting the Board's Land Acknowledgement, Ms. Vaye and the Working Committee referenced the Land Acknowledgements of the California Transportation Commission and reviewed guidelines from Caltrans.

The members reviewed the Land Acknowledgment and findings using the Equity Lens Assessment Rubric, which (1) identified stakeholders, (2) stakeholder input, (3) benefits, burdens, overall impact, (4) access, equity, and inclusion, and (5) measurable outcomes.

Member Dena moved to bring this matter to the full Board. Member Kassakhian seconded the motion. The motion carried unanimously. This matter will be considered by the Board at its February 20, 2026, General Meeting.

6. **DISCUSSION AND CONSIDERATION OF VIRTUAL AND TELEPHONIC ACCESS AND IMPROVING OVERALL ACCESSIBILITY TO PUBLIC MEETINGS - WORKING COMMITTEE ON VIRTUAL AND TELEPHONIC ACCESS TO PUBLIC MEETINGS**

The members were provided with a memo from Assistant Director Vaye with findings and recommendations from the Working Committee on Virtual and Telephonic Access to Public Meetings.

Assistant Director Vaye provided the background, steps taken by the Working Committee, and the Recommendations:

- ✓ Transition to hybrid (Zoom) meetings to increase participation for members of the public, staff, and guest speakers.
- ✓ Ensure our public-physical meeting/event spaces are accessible and clearly marked.
- ✓ Create clear directions on all materials sent via email, posted on webpage, or available at physical location (i.e., how to access Zoom, how to access physical meeting location, available parking and transit options).
- ✓ Staff shall create and maintain an “Accessible Meeting and Event Checklist.”
- ✓ Staff shall create and maintain a hybrid (Zoom) meeting checklist.
- ✓ Staff shall create and maintain a list of statewide buildings/spaces that have available conference rooms and AV equipment (no or low cost).

Assistant Director Vaye met with the working committee to discuss alignment of priorities, Board resources, and staff capacity. She shadowed the Racial Equity Commission hybrid meeting on October 14, 2025 and the CalABLE hybrid meeting on December 9, 2025.

Additionally, the language at the end of each agenda would contain the following information in English and Spanish if the Board goes forward with this proposal.

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Member Jones inquired how an interpreter would be provided if requested. Executive Director Corcoran indicated that the Board would work the Department of Motor Vehicles to secure an interpreter.

The members reviewed the recommendations using the Equity Lens Assessment Rubric, which (1) identified stakeholders, (2) stakeholder input, (3) benefits, burdens, overall impact, (4) access, equity, and inclusion, and (5) measurable outcomes.

Member Schultheis moved to bring this matter to the full Board. Member Jensen seconded the motion. The motion carried unanimously. This matter will be considered by the Board at its February 20, 2026, General Meeting.

7. **CHARTER REVIEW**

Assistant Director Vaye discussed the Charter and the Committee's progress on the goals. Assistant Director Vaye will provide the DEI Glossary to the new members and schedule annual review as provided in the Charter. Member Dena discussed recent changes to General Motors' minority and women-owned dealerships.

8. **FUTURE MEETING DATES DISCUSSION**

The dates for future Committee meetings coincide with meetings of the full Board, which will be discussed at the February 20, 2026, General Meeting. After the meeting, dates were set for July 15, 2026, and October 15, 2026.

9. **PUBLIC COMMENT (GOV. CODE § 11125.7)**

No additional public comment was presented.

10. **ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at approximately 3:29 p.m.

Submitted by

____
KIMBERLEE VAYE
Assistant Director and Equity Officer

APPROVED: ___________________________
Jacob Stevens, Chair
Committee on Equity, Justice and Inclusion
New Motor Vehicle Board

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NEW MOTOR VEHICLE BOARD

M I N U T E S

The New Motor Vehicle Board (Board) held a General meeting on February 20, 2026, at Glendale City Hall, Council Chamber Room, 613 E. Broadway, 2nd Floor, Glendale, California 91206.

Jacob Stevens, President and Public Member, called the meeting of the Board to order at 8:33 a.m.

2. **ROLL CALL**

Board Members Present:	Anne Smith Boland Ashley Dena Garrett Jensen Shirley G. Jones Ardashes "Ardy" Kassakhian (arrived 8:37 a.m.) Bismarck Obando Allie Schultheis Jacob Stevens
Board Staff Present:	Timothy M. Corcoran, Executive Director Kim Vaye, Assistant Director and Equity Officer Robin P. Parker, Chief Counsel Tammy Bayne, Administrative Law Judge

Executive Director Corcoran indicated that a quorum was established for general business.

3. **PLEDGE OF ALLEGIANCE**

Member Jensen led the members and staff in the Pledge of Allegiance.

4. **INTRODUCTION AND WELCOME OF NEWLY APPOINTED DEALER BOARD MEMBER SHIRLEY G. JONES, AND PUBLIC BOARD MEMBERS ALEXANDRA SCHULTHEIS AND GARRETT JENSEN**

President Stevens welcome newly appointed Dealer Member Shirley G. Jones, and Public Members Alexandra Schultheis and Garrett Jensen. Member Jones noted that she works for Car Pros Kia of Glendale, Car Pros Kia Huntington Beach, Car Pros Kia Moreno Valley, BMW of Downtown Los Angeles, and Car Pros Honda of El Monte. Member Jensen appreciated the warm welcome and thanked the Speaker of the Assembly for his appointment. He runs an organization called Friends of the University. Lastly, Member Schultheis works for the city of San Francisco in the Department of Police Accountability, which oversees the San Francisco Police Department. She is the director of mediation.

5. **DISCUSSION CONCERNING THE STATE OF THE AUTOMOTIVE INDUSTRY BY THE ALLIANCE FOR AUTOMOTIVE INNOVATION AND CALIFORNIA NEW CAR DEALERS ASSOCIATION (CNCDA) - BOARD DEVELOPMENT COMMITTEE**

President Stevens welcomed Curt Augustine and Brian Maas. Executive Director Corcoran provided the bios.

> Curt Augustine is the Senior Director of State Affairs for the Alliance of Automotive Innovation (Auto Innovators). Auto innovators is the leading advocacy group for the auto industry, representing manufacturers and value chain partners who together, produce nearly 99 percent of all light-duty vehicles sold in the United States. Its members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. Mr. Augustine has more than 30 years of experience involving state government, in both the public and private sectors. Previously, Mr. Augustine served as deputy legislative secretary to Governor Arnold Schwarzenegger, and was responsible for legislation related to transportation, business, financial, economic development, and local government issues. Additionally, he served for eight years in the Wilson Administration in various capacities at the Department of Consumer Affairs, and competitive construction industry nonprofit associations tasked with workforce development policy issues.
>
> Brian Maas is the president of the California New Car Dealers Association (CNCDA), representing over 1,200 franchised new car dealers in the state. Mr. Maas directed CNCDA’s political activities and served as the association's chief legislative advocate for 12 years before becoming president. Previously, he was a lobbyist with the California Bankers Association. Prior to working with trade associations, Brian spent 12 years practicing law as a specialist in political law, and lobbying in San Francisco and Sacramento. He also worked as a district capital staffer and community

consultant in the California assembly. A native of San Leandro, Mr. Maas graduated from McGeorge School of Law in Sacramento with honors, and the University of California Berkeley.

Executive Director Corcoran indicated the discussion today includes bridging the electric vehicle incentive gap given the elimination of the federal credit and other related affordability issues.

Curt Augustine stated that members of Auto Innovators are auto manufacturers that sell only through dealers through the franchise dealer system. They represent no one who sells directly to consumers.

Mr. Augustine provided the members with an overview of what happened in the auto industry in 2025 and what they see for 2026. There is an overall theme of constant change. This includes tariffs, repeal of California's authority to set certain environmental standards (the rules for the advanced clean rules or ACC II), elimination of the $7,500 ZEV (Zero-Emission Vehicles) purchase credit, the elimination of the National Electric Vehicle Infrastructure (NEVI) program, and lack of Federal controls on greenhouse gas emissions. California's budget proposed $200 million in ZEV rebates for purchases that would be matched by manufacturers. Mr. Augustine briefly discussed the California Air Resources Board (CARB) "Drive Forward Light-duty Vehicle Program," that Auto Innovators believe will set rules similar to the former EPA rules resulting in approximately 50% of cars sold would be EVs in 2032.

A summary of the industry was provided by Mr. Augustine. About 2.4% of the cars on the road are EVs or about 7 million vehicles. The charging infrastructure lags behind though. There is about one public charger for every 30 cars sold. In 2025, there were 16.2 million vehicles sold with anticipated sales of 16 million in 2026. ZEV sales are projected to be significantly lower than in 2025. In general, there is declining consumer confidence, persistent supply chain issues, and high loan interest rates.

In closing, Mr. Augustine noted that manufacturers are not going to abandon $250 billion worth of investments. It's going to be more challenging than any of us had hoped, but they are sticking to that. Auto Innovators is going to continue to work with government regulators and legislators, and support Governor Newsom's budget proposal on rebates. The dealers, manufacturers, and some environmental groups are putting together a strong coalition to do that because this is a critical component to getting ZEV sales back up.

Member Kassakhian inquired about the penetration for hydrogen technology. Curt stated that part of the challenge is fueling infrastructure. Nobody is going to buy an electric car or a hydrogen-powered car if you cannot charge it. There is a challenge with market acceptance from regulators. There is still a fear with hydrogen fueling stations. Even though it is not true, it is a perception. The light-duty market is challenging but opportunities seem better in medium-duty and heavy-duty vehicles.

Additionally, Member Kassakhian inquired about affordability in terms of car loans such as 15-year terms. Affordability is huge per Mr. Augustine. The average price of a car is $50,000, which is extremely expensive for a large percentage of the population. Companies are looking to start producing less expensive vehicles but consumers are not necessarily responding to that. In fact, domestic automakers do not make sedans anymore. Mr. Maas added that consumers do not keep their vehicles for 15 years. Mr. Augustine guessed the time was seven years.

Member Dena is a domestic car dealer and inquired about the likelihood Chinese manufacturers like BYD, NIO, or Geely coming into the US and whether there is pushback. Mr. Augustine stated there is significant pushback not only from the automakers but also the federal government in terms of national security, and environmental and safety risk. These cars do not meet federal safety or emission standards. The manufacturers' concerns are competition and fairness.

President Stevens thanked Mr. Augustine for his time and the Auto Innovators.

Mr. Maas welcomed the new Board Members and thanked them for their service. He started his remarks by discussing affordability. Dealers are the retailers and CNCDA represents all the franchised new car dealers that Auto Innovator's companies represent. CNCDA's dealers, including the ones on the Board, experience affordability every day. With new car prices at $50,000 and loan terms at eight or nine years, negative equity (a customer owes more money that the car is worth), is a challenge for the industry when a consumer trades in their vehicle.

Next, Mr. Maas noted the type of vehicles that customers buy have changed dramatically. In California, 10 years ago, passenger cars outsold trucks and SUVs. Now, 75% of vehicles are trucks and SUVs. Ford no longer offers a sedan. Small sedans were often entry vehicles for most folks who were entering the new-car market. As their financial and family circumstances changed, the consumer would switch to a bigger or more expensive vehicle. Now, what is happening is wealthier consumers are propping up the market. They are buying expensive trucks and SUVs, which is good for automakers and likely okay for dealers in the near term. However, long-term it is a challenge because there will not be affordable cars for the used car market in 3-4 years because there will not be those vehicles available. Dealers are having to get much older used vehicles like six, seven, or eight years old and put them on their lot as they try to meet their customers' needs. In the long-term, both the dealers and manufacturers need to figure this out and make vehicles more available.

Switching to ZEV standards, Mr. Maas noted that automakers are regulated but the impact is most felt by the dealers to figure out what product they are going to get. If manufacturers are under pressure to produce a certain number of ZEVs, they will put pressure on dealers to buy those ZEVs, and then the dealers are under pressure to retail those cars to consumers. The real problem is when the market does not match the mandate. The 2026 mandate was 35% of all vehicles sold in California had to be ZEV. It was going up about 8% a year to 100% by 2035. The market was not there to achieve this. In response to this, the CNCDA initiated a public affairs campaign to educate policymakers about the mandate. Ultimately, CARB paused the mandate for 2026.

The CNCDA is supportive of the Governor's ZEV proposal. However, they do not think incentives should be for used vehicles. There are already incentives available for used vehicles but they are smaller programs. It does not improve vehicle greenhouse gas emissions by incentivizing people to purchase a used EV. According to Mr. Maas, the only way we improve emissions is to sell more new ZEVs.

In closing, Mr. Maas discussed what CNCDA is seeing as car dealers and what the future looks like. The outlook is good but as previously mentioned CNCDA is a little concerned about affordability. The other challenges they've got is manufacturers that believe the franchise dealer model is appropriate in some cases, but not in other cases. Mr. Maas mentioned the litigation against VW and Scout Motors and a partnership between Sony and Honda challenging their ability to sell vehicles directly to consumers. He discussed the role of the Public Board Members in making decisions in protests. On behalf of the CNCDA, he thanked the members for their service and appreciates their willingness to learn about the industry.

Mr. Augustine and Maas were available to answer member questions. Member Obando inquired about the challenges to getting chargers in jurisdictions and what steps are being taken to build strategic partnerships. Mr. Maas stated that automakers frequently ask their dealers to install ZEV charging infrastructure at their dealerships in anticipation of servicing cars in the future. There are all kinds of obstacles with utility hookups, land-use planning challenges, acquiring the necessary equipment, and so on. Concerning partnering, CNCDA is having conversations with policymakers and stakeholders. Whatever the future goal is for ZEV adoption, it will not be achieved without an infrastructure. Mr. Augustine added that for the first time, two charging companies joined Auto Innovators. Mr. Obando inquired about sales and revenue coming into the state in terms of sales tax and others. The CNCDA's most recent Auto Outlook projected sales for 2026 of about 1.78 million new cars, which is slightly less than 1.8 million in 2025. This is about 10% less than historic highs.

Executive Director Corcoran thanked Curt and Brian for joining the Board today. He discussed the Board's EV Expert Pledge that recognizes and acknowledges dealers that are making sure consumers get a good first experience with a new ZEV. It is really about the right EV for the right customer at the right time. The Dealer Members have all taken the Pledge. Executive Director Corcoran thanked the CNCDA for advertising this program in their newsletters and also thanked Curt. Next, he discussed the upcoming press conferences for the Automotive Safety Recalls Awareness Week on March 2nd and 3rd. Executive Director Corcoran thanked both CNCDA, Brian Maas, Curt Augustine, and Auto Innovators for joining the Board officially as partners for those press conferences.

6. **APPROVAL OF THE MINUTES FROM THE JULY 31, 2025, MEETING OF THE COMMITTEE ON EQUITY, JUSTICE AND INCLUSION, JULY 31, 2025, SPECIAL MEETING, AUGUST 1, 2025, GENERAL MEETING, AND AUGUST 1, 2025, SPECIAL MEETING**

Vice President Smith Boland moved to adopt the minutes from the July 31, 2025, meeting of the Committee on Equity, Justice and Inclusion, July 31, 2025, Special Meeting, August 1, 2025, General Meeting, and August 1, 2025, Special Meeting. President Stevens seconded the motion. The motion carried unanimously.

7. **2026 ELECTION OF BOARD PRESIDENT AND VICE PRESIDENT - EXECUTIVE COMMITTEE**

President Stevens read the following statement from the Board adopted Parliamentary Procedures:

> [T]he election of officers should be a specific item of business for the first General Meeting of each calendar year, so it's put to consideration. Any member may nominate or self-nominate any other member [for] the office of president or vice-president. [There are] no restrictions on the number of members who may be nominated for either position during this process. At any time after at least one Board Member is nominated for each office, any member may move that the nomination of officers be closed. If the motion is seconded and carried by a majority vote, the nominating process shall be deemed concluded. After the nominating process is concluded, the Members of the Board shall cast their vote for a nominated Member for each office. No Board Member may vote for more than one nominated Member for each office. The voting shall be done by oral poll. [A]ny Board Member may abstain from voting for a nominated Member for either office.

In summary, the members open the nominations, close the nominations, and then vote on the nominations.

Executive Director Corcoran commented for the benefit of the new members that historically the Board has chosen to have the president and vice president serve two years in those roles. President Stevens added on behalf of himself and Vice President Smith Boland that it has been a great honor and pleasure to serve their first year and they are both happy to serve a second year.

Member Obando moved to nominate Member Stevens as President. Member Stevens accepted this nomination. No other nominations for President were made. Member Obando moved to close the nominations with Member Smith Boland seconding the motion. This motion to close the nominations carried unanimously. Member Smith Boland seconded the motion to nominate Member Stevens as President. The motion to nominate Member Stevens as President carried unanimously.

Member Stevens moved to nominate Member Smith Boland as Vice President. Member Smith Boland accepted this nomination. No other nominations for Vice President were made. Member Stevens moved to close the nominations with Member Obando seconding the motion. This motion to close the nominations carried unanimously. Member Dena seconded the motion to nominate Member Smith Boland as Vice President. The motion to nominate Member Smith Boland as Vice President carried unanimously.

8. **ANNUAL REVIEW AND APPOINTMENT TO THE FOLLOWING COMMITTEES, BY THE INCOMING BOARD PRESIDENT:**

- Administration Committee.
- Board Development Committee.
- Committee on Equity, Justice and Inclusion.
  - Working Committee on Land Acknowledgments.
  - Working Committee on Virtual and Telephonic Access to Public Meetings.
- Executive Committee.
- Fiscal Committee.
- Government and Industry Affairs Committee.
- Legislative Committee.
- Policy and Procedure Committee.
- Ad Hoc Committee to Review the Mission and Vision Statements.

After a brief discussion off the record, President Stevens announced the following committee appointments:

ADMINISTRATION COMMITTEE
Bismarck Obando, Chair
Shirley Jones, Member

BOARD DEVELOPMENT COMMITTEE
Ashley Dena, Chair
Allie Schultheis, Member

COMMITTEE ON EQUITY, JUSTICE AND INCLUSION
Jake Stevens, Chair
Anne Smith Boland, Member
Ashley Dena, Member
Garrett Jensen, Member
Shirley Jones, Member
Ardy Kassakhian, Member
Bismarck Obando, Member
Allie Schultheis, Member

Working Committee on Land Acknowledgments
Jacob Stevens, Member
Vacant, Member

Working Committee on Virtual and Telephonic Access to Public Meetings
Bismarck Obando, Member
Anne Smith Boland

EXECUTIVE COMMITTEE
Jake Stevens, President
Anne Smith Boland, Vice President

FISCAL COMMITTEE
Ardy Kassakhian, Chair
Anne Smith Boland, Member

GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE
Ashley Dena, Chair
Garret Jensen, Member

LEGISLATIVE COMMITTEE
Jake Stevens, President
Anne Smith Boland, Vice President

POLICY AND PROCEDURE COMMITTEE
Jake Stevens, Chair
Allie Schultheis, Member

AD HOC COMMITTEE TO REVIEW THE MISSION AND VISION STATEMENTS
Ardy Kassakhian, Chair
Jake Stevens, Member

President Stevens stated that the Committee on Equity, Justice and Inclusion will no longer have a vice chair. At this time, President Stevens did not make any changes to the two working committees of the Committee on Equity, Justice and Inclusion. Nor did he make any changes to the Ad Hoc Committee to Review the Mission and Vision Statements. Committees would be revisited prior to the conclusion of the meeting.

9. **APPOINTMENT OF BOARD MEMBER DESIGNEE IN COMPLIANCE WITH THE BOARD'S 1997 "REVISED BOARD POLICY REGARDING REPRESENTATION IN COURT ACTIONS," BY THE INCOMING BOARD PRESIDENT**

This matter was pulled from the agenda since the incoming President is a Public Member and the incoming Vice President is a Dealer Member. If both the incoming President and Vice President were Dealer Members, this designation would be necessary to comply with the Board adopted policy.

10. **CONSIDERATION OF PRESENTATION OF RESOLUTION TO KATHRYN DOI, FORMER PUBLIC BOARD MEMBER**

11. **CONSIDERATION OF PRESENTATION OF RESOLUTION TO BRADY SCHMIDT, FORMER DEALER BOARD MEMBER**

12. **CONSIDERATION OF PRESENTATION OF RESOLUTION TO DIANA WOODWARD HAGLE, FORMER ADMINISTRATIVE LAW JUDGE**

13. **CONSIDERATION OF PRESENTATION OF RESOLUTION TO EVELYN I. MATTEUCCI, FORMER ADMINISTRATIVE LAW JUDGE**

14. **CONSIDERATION OF PRESENTATION OF RESOLUTION TO DWIGHT V. NELSEN, FORMER ADMINISTRATIVE LAW JUDGE**

15. **CONSIDERATION OF PRESENTATION OF RESOLUTION TO KYMBERLY PIPKIN, FORMER ADMINISTRATIVE LAW JUDGE**

Agenda Items 10-15 were taken together. Member Kassakhian moved to present resolutions to Kathryn Doi, Brady Schmidt, Diana Woodward Hagle, Evelyn Matteucci, Dwight Nelsen, and Kymberly Pipkin in recognition of their contribution to the New Motor Vehicle Board. Member Schultheis seconded the motion. The motion carried unanimously.

Executive Director Corcoran remarked for the new Members benefit that the Board relied for many years on retired annuitant Administrative Law Judges (ALJs), and as part of the Board's strategic plan, the Board moved away from this for a number of reasons. ALJ Tammy Bayne was part of the solution to use permanent intermittent judges. These resolutions signify the end of an era. Executive Director Corcoran thanked the ALJs for their work supporting the Board and in creating the unique operation we have today. Fortunately, the transition to the Office of Administrative Hearings has gone quite well and is a more sustainable model.

Chief Counsel Parker added that ALJ Anthony Skrocki previously received a Resolution before he retired for his nearly 50 years of service with the Board, which is why he is not included with the other ALJs.

16. **CONSIDERATION OF THE REVISED *GUIDE TO THE NEW MOTOR VEHICLE BOARD* TO INCLUDE INFORMATION ON STATUTORY AND REGULATORY CHANGES - ADMINISTRATION COMMITTEE**

The members were provided with a memo and revised *Guide to the New Motor Vehicle Board* from Tim Corcoran and Robin Parker.

As indicated in the memo, the section entitled "New as of 2026" was updated to reflect there were no changes to legislation or case law impacting the Board but there were several regulatory amendments. A new heading entitled “Assignment of Merits Hearings in Protests” was added to provide background on the transition to the Office of Administrative Hearings (OAH) for merits hearings.

The following additional amendments were made:

- All references to “residence,” “office,” or “business” when referring to addresses were deleted to reflect regulatory amendments operative July 1, 2025.

- All references to accepting papers via facsimile and requiring a facsimile number on papers were deleted to reflect regulatory amendments operative July 1, 2025.

- In the heading “Challenge to Presiding Officer” on page 10 (protests), a peremptory challenge of the merits hearing ALJ would be filed with OAH and not with the Board as OAH is presiding over all merits hearings effective February 28, 2025.

- Footnote 6 on page 10 added language pertaining to the temporary discretion granted to the Executive Director at the April 28, 2023, General Meeting to assign additional merits hearings to OAH outside the current assignment log. This language is obsolete and was deleted.

- The revised procedure for assigning merits hearing ALJs adopted by the Board at its September 21, 2023, General Meeting was detailed in footnote 24 on page 68. This footnote has been updated to reflect merits hearings are transferred to OAH and the Board ALJs no longer preside.

- In the heading entitled “Summary of Board Action” on page 68, language was amended to reflect protest hearings may be considered by the entire Board as limited by statute or an ALJ. Reference to “Board” ALJs was deleted.

- Footnote 25 on page 69 deleted obsolete language pertaining to the Board presiding over merits hearings. Amendments reflect that if, after the Hearing Readiness Conference, the parties indicate they are ready for hearing, the Board submits to OAH a request for hearing and takes no further action in the protest unless the protesting dealer(s) file a Request for Dismissal. The hearing would commence in about three months subject to the availability of the parties and OAH.

- The phrase “designated by the Board” when referring to an ALJ was deleted in the heading “Hearings Open to the Public; Protective Orders” (protests) on page 70.

- In the heading “Challenge to Presiding Officer” on pages 75 (petitions), language pertaining to filing a peremptory challenge of the merits hearing ALJ with the Board was deleted along with references to Board ALJ. There has not been a merits hearing on a petition in more than 20 years. In the event there is one, the Board could revise its assignment of cases to exclusively use OAH for all merits hearings in protests to include petitions.

President Stevens moved to adopt the *Guide to the New Motor Vehicle Board*. Vice President Smith Boland second the motion. The motion carried unanimously.

17. **UPDATE ON BOARD DEVELOPMENT ACTIVITIES - BOARD DEVELOPMENT COMMITTEE**

The members were provided a memo from Tim Corcoran concerning Board development activities. Executive Director Corcoran discussed the upcoming Industry Roundtable, which includes the industry regulators workshop. President Stevens commented on the great work last year as the Board held a meeting in Fresno, launched the ZEV readiness, and Secretary Omishakin joined the Roundtable. Furthermore, the Board's partner agencies are highlighting the Board's work in their publications thanks to Assistant Director Vaye.

Member Obando is interested in learning more about EV charging stations. Assistant Director Vaye stated there will be a panel at the Industry Roundtable discussing the ZEV transition and she has a couple of speakers in mind for a future meeting.

There was no Board action as this matter was for information only.

18. **BOARD MEMBER EDUCATION CONCERNING CHANGES TO THE ADMINISTRATIVE PROCEDURE ACT AND BAGLEY-KEENE OPEN MEETING ACT - BOARD DEVELOPMENT COMMITTEE**

The members were provided with a memo from Tim Corcoran and Robin Parker along with summaries of the Administrative Procedure Act and Bagley-Keene Open Meeting Act.

Chief Counsel Parker reported that the California Department of Justice updated its publication on the Bagley-Keene Open Meeting Act. She noted this act applies not only to existing members, but newly appointed members who have not yet assumed office.

Additionally, Chief Counsel Parker stated the Board fully complies with the Administrative Procedure Act and provides due process to those appearing before it.

In response to Member Obando's question about changes to open meeting and virtual meeting rules in the Bagley-Keene Open Meeting Act, Chief Counsel Parker reported there were not any changes but the teleconference meeting legislation set to sunset in 2026 was extended until 2030. [Senate Bill 470 (Senator Laird; Ch. 222, Stats. 2025)]

There was no Board action as this matter was for information only.

19. **BOARD MEMBER EDUCATION CONCERNING CHANGES TO THE POLITICAL REFORM ACT AND PUBLIC RECORDS ACT - BOARD DEVELOPMENT COMMITTEE**

The members were provided with a memo from Tim Corcoran and Robin Parker along with summaries of the Political Reform Act and Public Records Act.

Chief Counsel Parker stated the Board fully complies with the Public Records Act (PRA). The PRA requires the Board notify a requester that documents are available within 10 days. The Board typically responds the same or next business day. In the event the Board experienced a cyber-attack, recent amendments extend the time limit up to14 days.

Additionally, Chief Counsel Parker stated the Fair Political Practices Commission provides detailed updates on its website with highlighted versions of the Political Reform Act and other useful information. Once these updates are available, she will notify the members. (The members were subsequently notified in April 2026.)

There was no Board action as this matter was for information only.

20. **DISCUSSION AND CONSIDERATION OF LAND ACKNOWLEDGEMENTS - COMMITTEE ON EQUITY, JUSTICE AND INCLUSION**

The members were provided with a memo from Kim Vaye with findings and recommendations from the Working Committee on Land Acknowledgments.

Assistant Director Vaye discussed the priorities, staff capacity, and Board's resources with the Working Committee on Land Acknowledgments. They reviewed multiple California State Departments' and counties' existing land acknowledgments and statements. The Working Committee recommended the Land Acknowledgment be placed on the agenda after the Pledge of Allegiance, and also on the Board's website with its vision and mission statements.

Assistant Director Vaye then read the proposed Land Acknowledgment:

> We acknowledge that the land we now call California is the ancestral lands of the over 109 Nations, Tribes, and Peoples, along with over 60 non-federally recognized tribes located throughout the state. The Indigenous Peoples of this area have a deep, reciprocal relationship with the land as its original stewards. Their ways, methods, and traditions contribute to California's rich biodiversity and impact the transportation network for the state. Our transportation network not only connects us to families, friends, work, and leisure, it connects us to our past and future. We acknowledge that our nation and economy were created using the labor of enslaved African and Indigenous peoples, and the labor of many immigrants which enrich our communities.

> We know this statement is only meaningful when coupled with actionable steps and sustained commitment. As such, we embrace our past, and commit to ongoing collective learning, fostering authentic relationships, and practicing inclusiveness and equity for everyone who calls this state home.

Next, Assistant Director Vaye reviewed the actionable steps:

- ✓ When possible, staff will purchase products and services from BIPOC-owned businesses. BIPOC means Black, Indigenous, and People of Color.
- ✓ When reasonable, when traveling for Board business, staff and members will stay at BIPOC-owned lodging.
- ✓ Staff will research BIPOC-led organizations and non-profits for possible collaboration with community engagement opportunities.
- ✓ Staff will research state-sponsored events happening and support when possible. For example, the Annual California Native American Day at the Capitol, California Native American Caucus events, Native American Heritage month, and Missing, Murdered, Indigenous People Awareness Day/Month.

Member Obando commented that it is state law that agencies and departments purchase at least 25% from minority-owner and minority-owned or privately-owned companies.

President Stevens thanked member Obando for the clarification and stated they will make sure the Board is in compliance. He expressed his gratitude to Assistant Director Vaye for her outstanding work and coordination with all the state agencies to make sure the Board is benchmarking its colleagues.

All new and revised Board Policies are first reviewed by the Committee on Equity, Justice and Inclusion prior to Board consideration. This proposal was reviewed and approved by the Committee on Equity, Justice and Inclusion at its February 19, 2026, meeting.

Member Kassakhian moved to adopt the findings and recommendations of the Working Committee on Land Acknowledgments. President Stevens second the motion. The motion carried unanimously.

21. **DISCUSSION AND CONSIDERATION OF VIRTUAL AND TELEPHONIC ACCESS TO PUBLIC MEETINGS - COMMITTEE ON EQUITY, JUSTICE AND INCLUSION**

The members were provided with a memo from Kim Vaye with recommendations from the Working Committee on Virtual and Telephonic Access to Public Meetings.

Assistant Director Vaye indicated that the scope was expanded beyond virtual access to public meetings to include accessibility, which is part of the Board’s Strategic Plan. She met with the Working Committee to discuss priorities, Board resources, and findings from her observations of meetings of the Racial Equity Commission and CalABLE.

As indicated in the memo and explained by Assistant Director Vaye, the Recommendations are:

- ✓ Transition to hybrid (Zoom) meetings to increase participation for members of the public, staff, and guest speakers. Assistant Director Vaye remarked that in the Bagley-Keene Open Meeting Act, there is a distinction between teleconference meetings, which imply the members would appear virtually compared to virtual and telephonic access for the public.
- ✓ Ensure our public-physical meeting/event spaces are accessible and clearly marked.
- ✓ Create clear directions on all materials sent via email, posted on webpage, or available at physical location (i.e., how to access Zoom, how to access physical meeting location, available parking and transit options).
- ✓ Staff shall create and maintain an "Accessible Meeting and Event Checklist."
- ✓ Staff shall create and maintain a hybrid (Zoom) meeting checklist.
- ✓ Staff shall create and maintain a list of statewide buildings/spaces that have available conference rooms and AV equipment (no or low cost).

Assistant Director Vaye stated the agenda will remain the same but a cover page will be created for the agenda to make sure everyone has the necessary information to access the meeting, whether in person or via Zoom, and also provide extra directions regarding parking, public transit options, and the like.

Additionally, the language at the end of each agenda would contain the following information in English and Spanish if the Board goes forward with this proposal.

To request disability-related modifications or accommodations, please contact staff at (916) 445-1888 or Alejandro.martinez2@dmv.ca.gov. Providing your request at least five (5) business days before the meeting will help ensure availability of the requested accommodation.

All new and revised Board Policies are first reviewed by the Committee on Equity, Justice and Inclusion prior to Board consideration. This proposal was reviewed and approved by the Committee on Equity, Justice and Inclusion at its February 19, 2026, meeting.

Member Obando moved to adopt the recommendations of the Working Committee on Virtual and Telephonic Access to Public Meetings. Member Schultheis second the motion. The motion carried unanimously.

22. **REPORT ON NON-SUBSTANTIVE CHANGES SUGGESTED BY THE OFFICE OF ADMINISTRATIVE LAW TO SECTION 551.19 (MOTIONS; FORM, BRIEFING, AND HEARINGS) OF TITLE 13 OF THE CALIFORNIA CODE OF REGULATIONS - EXECUTIVE COMMITTEE.**

The members were provided with a memo from Tim Corcoran and Robin Parker concerning non-substantive changes suggested by the Office of Administrative Law (OAL) to the proposed regulatory text of Section 551.19 of Title 13 of the California Code of Regulations.

As indicated in the memo, at the February 28, 2025, General Meeting, the Board adopted proposed regulatory amendments to Section 551.19. This regulation specifies the procedural requirements for motions including whether the motion is oral or written, whether an opposition or reply brief is permissible, and if the hearing is in person or telephonic. Since 2020, the Board's merits hearings and motion hearings with live testimony have been held remotely via Zoom and teleconference. To formalize this process in motion hearings with live testimony, regulatory amendments were promulgated. The Notice was published on May 30, 2025. The public comment period closed on July 14, 2025 with no comments submitted. The final rulemaking packet was submitted to OAL for review on July 28, 2025. During its review, OAL suggested the following changes, which are highlighted yellow:

> § 551.19. Motions; Form, Briefing, and Hearings.
>
> (a) Unless made during a hearing while on the record, all motions shall be in writing and filed with the board with an attached proof of service on all parties.
>
> (b) Motions and any response thereto including opposition to motion and reply to opposition shall conform to the requirements of Article 6 herein. The motion and any response shall state in plain language the relief sought and the facts, circumstances, and legal authority that support the motion or the response.
>
> (c) Briefing may be permitted by stipulation of the parties or by order of the board.
>
> (d) ~~Notwithstanding~~ Except as provided in Government Code section 11440.30(b) of the Administrative Procedure Act, the ALJ may conduct the hearing by telephone, television, or other electronic means if each party in the hearing has an opportunity to participate in and to hear the entire proceeding while it is taking place and to observe exhibits. In the event of live testimony, the hearing shall be conducted in person before the ALJ or other electronic means if each party in the hearing has an opportunity to participate in and to hear the entire proceeding while it is taking place and to observe exhibits.

As indicated in the memo, the Executive Committee approved these changes so the staff could proceed with the proposed regulatory amendments. The proposed amendments were approved by OAL and filed with the Secretary of State on September 9, 2025. Chief Counsel Parker reported that the amendments were operative January 1, 2026.

There was no Board action as this matter was for information only.

23. **REPORT ON NON-SUBSTANTIVE CHANGES SUGGESTED BY THE OFFICE OF ADMINISTRATIVE LAW TO SECTION 599 (**ARTICLE 7. NEW MOTOR VEHICLE BOARD--CONFLICT-OF-INTEREST CODE**) OF TITLE 13 OF THE CALIFORNIA CODE OF REGULATIONS - EXECUTIVE COMMITTEE**

The members were provided with a memo from Tim Corcoran and Robin Parker concerning non-substantive changes suggested by OAL to the proposed regulatory text of Section 599 of Title 13 of the California Code of Regulations

As indicated in the memo, the Board adopted non-substantive amendments to Section 599 at the August 1, 2025, General Meeting. This section does not contain the Board's Conflict of Interest Code but provides detailed information on how a member of the public could request a copy. The proposed changes cleanup dated language and update the address for the Fair Political Practices Commission.

During its review, OAL suggested the following changes, which are highlighted yellow:

Article 7. New Motor Vehicle Board--Conflict-of-Interest Code

NOTE: ~~Pursuant to a regulation of the Fair Political Practices Commission (Title 2, CCR, section 18750(k)(2)), an agency adopting a conflict of interest code has the options of requesting that the code either be (1) printed in the CCR in its entirety or (2) incorporated by reference into the CCR. Here, t~~The adopting agency has requested its conflict-of-interest code be incorporated ~~incorporation~~ by reference into the C~~alifornia C-ode of Regulations~~CR. ~~However, t~~The full text of the regulations is available to the public for review or purchase at cost at the following locations:

NEW MOTOR VEHICLE BOARD
2415 1ST AVENUE, MS L242
SACRAMENTO, CALIFORNIA 95818

FAIR POLITICAL PRACTICES COMMISSION
~~428 J STREET, SUITE 620~~
1102 Q STREET, SUITE 3000
SACRAMENTO, CALIFORNIA ~~95814~~ 95811

ARCHIVES
SECRETARY OF STATE
1020 O STREET
SACRAMENTO, CALIFORNIA 95814

The conflict-of-interest code is designated as Article 7 of Chapter 2 of Division 1 of Title 13 of the California Code of Regulations, and consists of sections numbered and titled as follows:

Article 7. New Motor Vehicle Board--Conflict-of-Interest Code

Section	
599.	General Provisions
	Appendix A
	Appendix B

NOTE: Authority cited: Section 3050(a), Vehicle Code; and Sections 81008, 87300~~, 87304~~ and 87306, Government Code. Reference: Section 87302 ~~81000, et seq.~~, Government Code.

As indicated in the memo, the Executive Committee approved these changes so the staff could proceed. The amendments were filed with the Secretary of State on January 7, 2026. Non-substantive changes do not have an effective date since the changes are without regulatory effect. They will be part of the California Code of Regulations once published.

There was no Board action as this matter was for information only.

24. **REPORT ON THE BOARD'S FINANCIAL CONDITION AND RELATED FISCAL MATTERS - FISCAL COMMITTEE**

a. Report on the Board's Financial Condition through the 1st and 2nd quarters of Fiscal Year 2025-2026.

b. Report concerning the Board's collection of its Annual Board Fee.

c. Status report concerning the Board's collection of the Arbitration Certification Programs' annual fee.

The members were provided with a memo from Tim Corcoran, Kim Vaye, and Suzanne Luke. Assistant Director Vaye reported that $872,756 was collected from manufacturers and distributors within the Board's jurisdiction. She stated OAL approved the regulation increasing the fees, which takes effect April 1st. Lastly, as of December 31, 2025, all retired annuitant ALJs were separated.

As indicated in the memo, for Fiscal Year 2025-26, the beginning reserve balance was $1.61 million with a current reserve balance of $2.2 million after November 2025 expenditures. The annual budget appropriation was $2.12 million. Twenty-six percent of the budget appropriation was expended through November 2025.

Member Obando congratulated the staff and Board for getting the fee increase approved. Assistant Director Vaye added that Penny, a Board analyst, and the Department of Motor Vehicles (DMV) assisted in this process. Executive Director Corcoran added his thanks to the Board and noted the severity of the fiscal issues and the need for action. Fees had not been raised for at least 12 or more years so it was long overdue. The pandemic hit the automotive industry, which funds the Board. As a special fund agency, the Board does not take any tax money and is funded directly by those who benefit from its quasi-judicial hearings. Executive Director Corcoran also thanked the CNCDA and Auto Innovators for discussing this situation and for being as supportive as possible with a fee increase. He congratulated Assistant Director Vaye and her team.

There was no Board action as this matter was for information only.

25. **<u>DISCUSSION OF THE 2026 NEW MOTOR VEHICLE BOARD INDUSTRY ROUNDTABLE FOCUSING ON CALIFORNIA STATE TRANSPORTATION AGENCY'S (CALSTA) CORE FOUR: SAFETY, CLIMATE ACTION, EQUITY, AND ECONOMIC PROSPERITY - GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE</u>**

Assistant Director Vaye provided the members with an overview of the April 8, 2026, Industry Roundtable, which is being held the day after the CNCDA Dealer Day Event, at the California Natural Resources Agency and begins at 8:30 a.m. until 3:00 p.m. (Pacific Time).

As indicated in the memo, Toks Omishakin, Secretary, California State Transportation Agency (CalSTA) is the keynote speaker discussing CalSTA's *Core Four Priorities ~ Safety, Equity, Climate Action, and Economic Prosperity*. The morning session includes the following topics:

- ***Pathways to Prosperity*** As the automotive industry rapidly evolves- with advancements in EV technology, diagnostics, and smart systems- the demand for highly skilled technicians continues to grow. This panel explores the importance of introducing students to automotive technology early in their education and creating clear pathways to the profession.

- ***Spotlight on Safety*** Highlights from the tremendous progress we've made in California with the National Safety Council's Check to Protect vehicle safety recall program through diverse partnerships and thoughtful collaboration.

- ***California's Zero Emission Vehicle Transition*** The accelerated shift towards zero-emission vehicles presents opportunities and challenges for the industry, communities, and policymakers. This panel explores navigating this landscape through coordinated planning, and most importantly, cross-sector collaboration.

The afternoon session is:

Meet the Regulation Experts Engage in discussions with Department of Motor Vehicles, Bureau of Automotive Repair and California Air Resources Board on laws, rules and regulations, and programs that apply to: new and used vehicle dealers, brokers, dismantlers, registrations services, vehicle verifiers, and other vehicle-related businesses; clean truck and diesel programs, compliance, funding, and initiatives; and any other questions you may have!

Assistant Director Vaye indicated that 80 RSVPs had been received so far not counting panelists or staff so there will be about 100 attendees. There were about 120 last year. In additional to Secretary Omishakin, President Stevens will welcome everyone.

President Stevens noted it was a great event last year and he was honored to attend. He offered his congratulations to Assistant Director Vaye. Member Jones stated that she participated in the Industry Roundtable last year and found the meeting with DMV useful as they could express their concerns from the dealership's perspective.

There was no Board action as this matter was for information only.

26. **DISCUSSION AND CONSIDERATION OF JURISDICTIONS AND MUNICIPALITIES WHO APPLIED FOR THE ZEV READINESS AWARD (STRATEGIC PLAN OBJECTIVE 2.7) - GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE**

- City of Alameda
- City of Carson
- City of Pasadena
- Contra Costa County
- County of Santa Barbara
- Fresno County Rural Transit Agency
- San Joaquin Council of Governments

Assistant Director Vaye discussed the jurisdictions and municipalities that applied for the ZEV Readiness Award. Member Dena also reviewed the applications as Chair of the Government and Industry Affairs Committee.

Member Kassakhian moved to approve each of the designated jurisdictions and municipalities to receive the ZEV Readiness Award. Member Jones seconded the motion. Prior to the vote on motion, Assistant Director Vaye stated that these awards are given in person so she will connect with Board Members in close proximity. The motion carried unanimously.

27. **<u>DISCUSSION AND CONSIDERATION OF NEW MOTOR VEHICLE DEALERS THAT TOOK THE EV (ELECTRIC VEHICLE) EXPERT PLEDGE (STRATEGIC PLAN OBJECTIVE 2.7) - GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE</u>**

Assistant Director Vaye discussed the EV Expert Pledge, and presented three qualifying new car dealerships for Board consideration of the Certificate of Participation of the EV Expert Pledge: (1) Unicars Honda; (2) Puente Hills Ford; and (3) Car Pros Automotive Group. Additionally, the Board has a goal for 2026 to have at least one signatory dealer in each of the 13 economic regions defined by the Governor’s Office of Business and Economic Development. As of November 2025, the Board had four EV Expert Pledge signatory dealers.

President Stevens moved to award each of the three designated dealerships to receive the “Certificate of Participation of the EV Expert Pledge.” Member Dena seconded the motion. Member Jones abstained. The motion carried unanimously.

President Stevens congratulated the recipient dealers and Assistant Director Vaye for her great work.

28. **<u>DISCUSSION CONCERNING PENDING LEGISLATION - LEGISLATIVE COMMITTEE</u>**

Chief Counsel Parker reported that there was no pending legislation of general or special interest but that she would continue to monitor and provide a report at the next General Meeting.

There was no Board action as this matter was for information only.

29. **<u>ANNUAL REPORT CONCERNING BOARD ADOPTED POLICIES - POLICY AND PROCEDURE COMMITTEE</u>**

The members were provided with a memo from Tim Corcoran and Robin Parker concerning the annual review of Board adopted policies. As indicated in the memo, the following policies were added or amended:

- Updates were made to the “Appointment of Hearing Officers” to reflect removal of ALJs from assignment logs and the elimination of the “Alternate Law and Motion ALJ Assignment Log.” There are no retired annuitant ALJs.

- The following updates were made to the “Case Assignments”:

    - The policy adding the OAH to the “Merit Hearings Judge Assignment Log” to be next in line to preside over a protest hearing between a franchisee and franchisor was deleted because effective February 28, 2025, all merits hearings in new protests and existing protests will be assigned to OAH.

- The temporary discretion granted to the Executive Director to assign merits hearings to OAH outside the current assignment log was deleted.

- The Board adopted numerical designation system for assigning Administrative Law Judges to merits hearing was deleted.

- Robin Parker was appointed the designated Mandatory Settlement Conference Hearing Officer.

- Board Delegations were updated to reflect:

  1. The Ad Hoc Committee on Equity, Justice and Inclusion is a standing committee.

  2. The Board granted staff discretion in consultation with the Executive Committee to reduce the proposed Annual Fee to any number between $400 and $425 and $.60 and $.65. If this occurred, staff would bring this matter to the full Board at its next meeting. This delegation was expected to last for 12-18 months so it is reflected in the Delegations.

  3. The temporary discretion granted to the Executive Director to assign merits hearings to OAH outside the current assignment log is obsolete in light of action taken by the Board at its February 28, 2025, General Meeting.

  4. Effective February 28, 2025, all merits hearings in new protests and existing protests will be assigned to OAH.

  5. The expansion of the rulemaking delegation of authority to the Executive Direction.

- The rulemaking delegation of authority to the Executive Direction was expanded to include non-substantive changes suggested by the Fair Political Practices Commission.

- The *Guide to the New Motor Vehicle Board*, *Informational Guide for Manufacturers and Distributors*, and *Export or Sale-for-Resale Prohibition Policy Protest Guide* were updated.

Chief Counsel Parker noted one change to the policies reflecting the recent approval of the Board fee. She also expressed her appreciation to OAL, the Department of Finance, and DMV for their assistance with the amended fee regulation.

There was no Board action as this matter was for information only.

30. **ANNUAL REPORT ON THE ASSIGNMENT OF CASES TO ADMINISTRATIVE LAW JUDGES - POLICY AND PROCEDURE COMMITTEE**

The members were provided with a memo from Tim Corcoran and Robin Parker concerning the assignment of cases to Board Administrative Law Judges in 2025. Chief Counsel Parker reported that there were four law and motion hearings, four discovery hearings (ruling on objections), and one mandatory settlement conference. There were no merits hearing held in 2025. All retired annuitant Administrative Law Judges were separated in 2025.

Additionally, she commented that ALJ Bayne is presiding over all law and motion and discovery hearings. ALJ Bayne was able to mentor with now retired ALJ Skrocki for almost 2 ½ years, which was invaluable training. Chief Counsel Parker stated that ALJ Bayne is doing an exceptional job.

There was no Board action as this matter was for information only.

31. **CONSIDERATION OF THE 2026 *EXPORT OR SALE-FOR-RESALE PROHIBITION POLICY PROTEST GUIDE* (VEHICLE CODE SECTION 3085, ET SEQ.) - POLICY AND PROCEDURE COMMITTEE**

The members were provided with a memo and *Export or Sale-for-Resale Prohibition Policy Protest Guide* from Tim Corcoran and Robin Parker. As indicated in the memo, the following changes were made:

- Effective July 1, 2025, Section 595 of the Board's regulations was amended to delete references to facsimile. Footnote 2 on page 3 was deleted along with the reference to filing a protest via facsimile.

- In the "Summary of Board Action" heading on page 6, reference to "one of the Board's ALJs" was deleted to reflect hearings may be considered by the entire Board or may, at the Board's discretion, be conducted by an ALJ. This would include a Board ALJ or an OAH ALJ.

Vice President Smith Boland moved to adopt the 2026 *Export or Sale-for-Resale Prohibition Policy Protest Guide*. Member Jensen seconded the motion. The motion carried unanimously.

32. **<u>CONSIDERATION OF REVISIONS TO THE *INFORMATIONAL GUIDE FOR MANUFACTURERS AND DISTRIBUTORS*, WHICH OUTLINES THEIR OBLIGATIONS TO PROVIDE NOTICES, SCHEDULES, AND FORMULAS MANDATED BY THE CALIFORNIA VEHICLE CODE AND CIVIL CODE TO THE NEW MOTOR VEHICLE BOARD AND/OR IMPACTED DEALERS - POLICY AND PROCEDURE COMMITTEE</u>**

The members were provided with a memo and revised *Informational Guide for Manufacturers and Distributors* from Tim Corcoran and Robin Parker. As indicated in the memo, the following change was made:

- In the section on "What is the Procedure if the Board Objects or an Impacted Dealer Opposes the Request for Extension," on page 16, the number of Board meetings was changed from every 6-8 weeks to 3-4 times per year.

President Stevens moved to adopt the 2026 *Informational Guide for Manufactures and Distributors* as amended. Vice President Smith Boland seconded the motion. The motion carried unanimously.

33. **<u>DISCUSSION AND CONSIDERATION OF THE BOARD'S VISION AND MISSION STATEMENTS - AD HOC COMMITTEE TO REVIEW THE BOARD'S MISSION AND VISION STATEMENTS</u>**

President Stevens stated the Ad Hoc Committee to Review the Board's Mission and Vision Statements ended now that the Board has these statements.

Kim Vaye provided the members with a memo and proposed Vision, Mission and Values the Ad Hoc Committee to Review the Mission and Visions Statements worked on as follows:

VISION: Building trust, cultivating relationships, and resolving disputes.

MISSION: To be a trusted government resource benefiting all Californians, enriching relations between new motor vehicle dealers and manufacturers, and delivering fair resolutions for consumers.

VALUES:

- Collaboration
- Efficiency
- Equity
- Integrity
- Transparency

Assistant Director Vaye provided the background leading to this proposal that included input from the Ad Hoc Committee and staff.

President Stevens, also a member of the Ad Hoc Committee, thanked Member Kassakhian for his partnership.

All new and revised Board Policies are first reviewed by the Committee on Equity, Justice and Inclusion prior to Board consideration. This proposal was reviewed and approved by the Committee on Equity, Justice and Inclusion at its February 19, 2026, meeting.

Member Schultheis moved to adopt the proposed Vision, Mission and Values Statements. Member Dena seconded the motion. The motion carried unanimously.

34. **REPORT ON THE 4TH ANNUAL CALSTA (CALIFORNIA STATE TRANSPORTATION AGENCY) LEADERSHIP SUMMIT BY TIM CORCORAN, EXECUTIVE DIRECTOR**

Executive Director Corcoran provided a detailed summary of the 4th Annual CalSTA Leadership Summit, created by Secretary Omishakin. He noted the Board's participation over the past few years has increased. Previously, the Board would not have been invited to the Summit as it would be considered part of DMV, although a very small part. So, being invited every year has been an honor and has provided him the opportunity to learn more about our counterpart agencies: CHP, Caltrans, California Transportation Commission, Board of Pilot Commissioners, High-Speed Rail Authority, and Office of Traffic Safety. Prior to Assistant Director Vaye joining the team, Executive Director Corcoran wore many hats at this event and now he is sharing it with her. At the most recent Summit, Assistant Director Vaye made presentations regarding the Board's progress with the *Core Four Priorities*. Furthermore, the Board as a small but mighty organization can find meaningful ways to contribute to help better the lives of Californians with stakeholders and the industry the Board serves.

Executive Director Corcoran participated in a leadership panel that discussed how the Board came up with these interesting ideas by leaning on the expertise of the Board. Additionally, Executive Director Corcoran discussed the ZEV jurisdictional awards that were suggested by President Stevens and Member Kassakhian. The Board has been resourceful rather than asking for resources.

There are tens of thousands of employees under the CalSTA umbrella and a handful were recognized at the Summit by Secretary Omishakin. This included Chief Counsel Parker not just for her contributions this past year, which have been significant in developing legacy training, but also for a lifetime of contributions to the Board.

In closing, Executive Director Corcoran stated the Board's profile continues to grow and everyone participated to make that happen.

There was no Board action as this matter was for information only.

35. **REPORT ON THE NATIONAL ASSOCIATION OF MOTOR VEHICLE BOARDS AND COMMISSIONS FALL CONFERENCE BY TIM CORCORAN, EXECUTIVE DIRECTOR**

Executive Director Corcoran provided a detailed summary of the fall conference hosted by the National Association of Motor Vehicle Boards and Commissions. He stated the Board was one of the founding members over 30 years ago. These conferences allow state-level departments that license dealers, manufacturers, and industry to come together to share best practices, talk about pressing issues, and changes.

The event last year was hosted in San Diego. Members Kassakhian and Obando attended along with Assistant Director Vaye and Chief Counsel Parker. For the new members, it is an opportunity to learn more about the industry. Member Obando thanked Tim for allowing him to participate and encouraged the new members to attend. He stated that it is always interesting to learn about what other states are doing. Of particular interest, was the session on the advertising and marketing rules for dealers.

In closing, Executive Director Corcoran thanked Member Kassakhian for making the welcoming remarks at the conference.

There was no Board action as this matter was for information only.

36. **EXECUTIVE DIRECTOR'S REPORT**

A. Administrative Matters.
B. Case Management.
C. Judicial Review.
D. Notices Filed Pursuant to Vehicle Code sections 3060/3070 and 3062/3072.
E. Other.

Executive Director Corcoran provided the members with a report on Administrative Matters that identified all pending projects, the Board staff and committee assigned, estimated completion dates, and status.

Chief Counsel Parker indicated that since the members received their materials, a new protest was filed. In the *Liberty Chevrolet* protest, OAH presided over five settlement conferences resulting in a Stipulated Decision being submitted for Public Member consideration. Chief Counsel Parker discussed the recent evidentiary law and motion hearing ALJ Bayne presided over in December 2025. This performance standard protest was broken down into two phases. The first phase determined whether the Board has jurisdiction. The second phase pertains to the merits of the protest, which will be heard by OAH.

Concerning judicial matters, Chief Counsel Parker reported that in the *Putnam Ford* retail labor rate matter, two appeals were filed. Once the record is filed with the appellate court, the opening brief is filed 100 days thereafter with additional briefs resulting in the matter likely being heard in 2027. If this case results in a published opinion, that will provide clarity to both dealers and manufacturers concerning how to calculate a retail labor rate.

To recap 2025, Chief Counsel Parker reported that 86 termination and 449 modification notices were filed but there were few establishment and relocation notices. There were 23 protests filed, which seems to be the new normal. Historically, there were 45-65 new protests yearly. The value of the Board is not diminished based on the lower number of protests, as the Board's existence is a deterrent. The Board resolves disputes many of which are dependent on notices filed by manufacturers and distributors.

There was no Board action as this matter was for information only.

37. **<u>CLOSED EXECUTIVE SESSION</u>**

Pursuant to Government Code section 11126(a)(1), all members of the Board shall convene in a closed Executive Session.

<u>CONSIDERATION OF ANNUAL PERFORMANCE REVIEW FOR EXECUTIVE DIRECTOR - EXECUTIVE COMMITTEE</u>

Consideration of annual performance review for Executive Director, by all members of the Board.

The Public and Dealer Members convened in Closed Executive Session to discuss Agenda Item 37.

38. **<u>OPEN SESSION</u>**

The Board Members returned to Open Session. There was no Board action taken in regard to Agenda Item 37.

39. **<u>REVIEW OF BOARD MEETING DATES FOR 2026</u>**

The Board Members reviewed the dates selected at the August 1, 2025, General Meeting. The dates were not changed with the exception of July meetings moving back one day to July 15th and 16th.

- April 8, 2026, Industry Roundtable/Special Meeting (Sacramento)
- July 15, 2026, Meeting of the Ad Hoc Committee on Equity, Justice and Inclusion (Sacramento)
- July 15, 2026, Special Meeting for Public Members (Sacramento)
- July 16, 2026, General Meeting (Sacramento)

- October 15, 2026, Meeting of the Ad Hoc Committee on Equity, Justice and Inclusion (Sacramento)

- October 15, 2026, Special Meeting for Public Members (Sacramento)

- October 16, 2026, General Meeting (Glendale)

8. **ANNUAL REVIEW AND APPOINTMENT TO THE FOLLOWING COMMITTEES, BY THE INCOMING BOARD PRESIDENT:**

- Administration Committee.
- Board Development Committee.
- Committee on Equity, Justice and Inclusion.
    - Working Committee on Land Acknowledgments.
    - Working Committee on Virtual and Telephonic Access to Public Meetings.
- Executive Committee.
- Fiscal Committee.
- Government and Industry Affairs Committee.
- Legislative Committee.
- Policy and Procedure Committee.
- Ad Hoc Committee to Review the Mission and Vision Statements.

President Stevens revisited Board Committees. He previously vacated the Ad Hoc Committee to Review the Mission and Vision Statements as noted above.

President Stevens dissolved the Working Committee on Land Acknowledgments but preserved the Working Committee on Virtual and Telephonic Access to Public Meetings.

40. **PUBLIC COMMENT (Gov. Code § 11125.7)**

For the Fiscal Committee, Member Obando flagged the note in the memo ("[i]n November there was a change in [personal services] and Retirement allotments. The total allotment went from $65k to $56k due to OPEB [Other Post-Employment Benefits] deduction not being included in the original submission.") He stated that as part of a budget deal, State employees are not paying their ultimate liabilities but in two years this number will likely increase as this is a temporary reduction.

No additional public comment was presented.

41. **ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at 12:06 p.m.

Submitted by

____

TIMOTHY M. CORCORAN
Executive Director

APPROVED: _________________________
Jacob Stevens
President
New Motor Vehicle Board

NEW MOTOR VEHICLE BOARD · GENERAL MEETING

Sold Hours or Actual Hours?

How the retail automotive industry measures warranty labor — and what Vehicle Code § 3065.2 actually requires.

Anthony Bento · Gavin M. Hughes · Jordan Jankowski

California New Car Dealers Association | Hughes Dealer Law | Armatus Dealer Uplift

JULY 16, 2026

WHY WE'RE HERE

The Question Before the Board

> The franchisee shall calculate its retail labor rate by … dividing [total labor charges] by
>
> ***the total number of hours that generated those charges.***

VEHICLE CODE § 3065.2(A)(2)

Does **“hours”** mean the time-guide hours a dealer actually bills — or the minutes a particular technician happens to spend on the job?

The industry — and every manufacturer — answered that question long ago, in everyday practice. Our aim today is simply to show how.

THE PANEL

Today's Presenters

Anthony Bento

Chief Legal Officer
California New Car Dealers Association

Gavin M. Hughes

Hughes Dealer Law

Jordan Jankowski

Chief Operating Officer
Armatus Dealer Uplift

ROADMAP

What We'll Cover

01	**The Statute**	What § 3065.2 asks a dealer to calculate.
02	**How the Industry Bills**	Flat-rate, time-guide pricing — the universal standard.
03	**What the Law Requires**	BAR upfront pricing for a specific job, before work begins.
04	**The Decision**	The Putnam Kia protest and the reading it adopted.
05	**The Correct Reading**	What “those hours” are — and what we ask of the Board.

SECTION ONE · PRESENTED BY ANTHONY BENTO

01 The Statute

Legislative history and the retail-labor-rate formula that § 3065.2 puts at the center of the dispute.

Legislative History

- AB 179 (Reyes) — CNCDA-sponsored; signed by Newsom 10/12/2019, effective 1/1/2020
- Revived AB 2107 (2018), which passed the Legislature unanimously but was vetoed by Gov. Brown
- Brown's objection was that the formula was too complicated and the old system "worked reasonably well" — not a judgment about OEM time allowances; the Legislature simplified it with AB 179 and Newsom signed it
- Cleared legislature with overwhelming bipartisan vote, over manufacturer opposition
- Tied warranty reimbursement to the dealer's *retail* labor and parts rates

SECTION 3065.2(A)

The Retail Labor Rate Formula

$$\text{Retail labor rate} = \frac{\text{Total labor charges from the qualified repair orders}}{\text{The total number of hours that generated those charges}}$$

The sample

~100 qualified customer-pay repair orders — warranty-like work, paid by the customer.

The output

A retail rate that becomes the basis for the warranty reimbursement schedule.

The crux

Everything turns on what counts as an “hour” in the denominator.

THE CRUX

One Phrase, Two Readings

The dispute turns on five words: ***"hours that generated those charges."***

READING A

"Sold hours"

The time-guide hours the dealer actually bills for the job.

How the entire industry bills

Knowable before the work begins

The number printed on every invoice

READING B

"Actual hours"

The minutes a particular technician happens to spend.

Not how anyone bills a customer

Unknowable until the job is done

Never recorded on the invoice; Prohibited by California law

SECTION TWO · PRESENTED BY JORDAN JANKOWSKI · ARMATUS DEALER UPLIFT

02 How the Industry Bills

Flat-rate, time-guide pricing — the standard that governs every repair order in the country.

PIECE-RATE PRICING

Flat-Rate Billing: the Industry Standard

Every job

carries a set time

A labor guide assigns each repair a predetermined time value — the same for everyone who performs it.

The customer

pays the booked time

Whether the technician finishes early or runs long, the charge is the booked figure — not the clock.

The technician

is paid the same way

“Flag time”: pay follows the booked hours of the jobs completed, not hours sitting in the building.

The model dates to the mid-20th century and runs on published guides — the manufacturer's own time guides for warranty work, and standards such as MOTOR, Mitchell, and ALLDATA for retail.

IN PLAIN TERMS

A Worked Example

An alternator replacement, booked in the time guide at **2.0 hours.**

TECHNICIAN FINISHES IN	TECHNICIAN TAKES	TECHNICIAN TAKES
1.4 hrs	2.0 hrs	2.8 hrs
↓	↓	↓
Billed: 2.0 hrs	**Billed: 2.0 hrs**	**Billed: 2.0 hrs**

The hours that generated the charge are always **2.0.** The technician's actual time is never measured, quoted, or printed on the invoice.

ONE UNIT, BOTH SIDES

One Time Guide, Every Transaction

WARRANTY WORK

Set by the manufacturer.
Identifies specific time allowances for each job.
Often lower than customer pay work.
Deferential creates issues.

CUSTOMER-PAY WORK

Set by the dealer.
Identifies specific time allowances for each job.
Often based on industry guides that apply a multiple to manufacturer time guides.

→

BOTH RUN ON

Time-guide hours

The denominator a dealer uses for its retail rate is the very same unit the OEM already uses to pay warranty.

THE DECISIVE POINT

Manufacturers Pay the Same Way

The manufacturer's own warranty system pays on time-guide hours — not actual time.

Kia reimburses each repair as its **LTS time allowance × the labor rate** — the booked hours, not the clock.

DECISION ¶ 63

Dealers are **required to use the LTS time-guide hours** in every warranty claim they submit.

DECISION ¶¶ 63–64

The one exception — pre-approved **“extra time”** — is requested separately, the exception that proves the rule.

DECISION ¶ 70

Reading “hours” as actual time would put the dealer's retail-rate denominator at odds with how the manufacturer itself pays for the very same work.

BEYOND CALIFORNIA

The National Picture

50

states

have statutory retail warranty-reimbursement laws on the books.

20,000+

submissions

approved across the country — the same method applied in every state.

~24

statutes

consulted on in their drafting — consistently built on booked hours.

In every one of these regimes, the denominator is the **billed time-guide hours.** California's dealers operate the same way — only the interpretation in this matter departs from it.

SECTION THREE · PRESENTED BY ANTHONY BENTO

03 What the Law Requires

California's Automotive Repair Act independently forecloses an actual-hours reading.

BUREAU OF AUTOMOTIVE REPAIR

Upfront Pricing Is the Law

> No work for compensation shall be commenced and no charges shall accrue without specific authorization from the customer.
>
> 16 CAL. CODE REGS. § 3353 · BUS. & PROF. CODE § 9884.9

The dealer must give the customer a written estimate of the price for **parts and labor for a specific job** — and obtain authorization — **before** any work begins.

That estimate is, by definition, a fixed quote for the job. The only labor figure that can populate it is the booked time-guide amount — the “sold hours.”

THE CONSEQUENCE

Actual Hours Can't Be Known in Advance

STEP 1 · ESTIMATE
Booked hours set the price

→

STEP 2 · AUTHORIZE
Customer approves the job

→

STEP 3 · PERFORM
Work is carried out

→

STEP 4 · INVOICE
The same booked hours

The price is fixed before the wrench turns. **Actual technician minutes are never measured, quoted, or billed** — so they cannot be the hours that “generated those charges.”

SECTION FOUR · PRESENTED BY GAVIN M. HUGHES · HUGHES DEALER LAW

04 The Decision

Putnam Kia of Burlingame v. Kia America — and the reading it rests on.

The Putnam Kia Decision

What was the case *really* about?

- Putnam attempted to use the Kia LTS time guide to ensure it received the same compensation for warranty repairs as it did for customer pay repairs. This is impossible when a dealer uses the factory guide hours for warranty and then a different time guide for customer pay repairs.
- Putnam used the OEM time allowance values, at a minimum, for customer pay work and proportionally increased its labor rate.
- Simplified example:
  - A 2 hour job based on the use of commercial time guide @ $200/hr becomes a 1 hour job using OEM time guide @400/hr
  - Customer pays the same. In both cases the job involves $400 of labor.
  - This equalizes the time allowances for customer pay and OEM-pay work.

PROTEST NO. PR-2803-22 · AUGUST 1, 2025

The Putnam Kia Decision

The Board adopted the reading that “the total number of hours that generated those charges” refers to **actual hours** — and, on that basis, concluded the dealer's submission, which used time-guide (“sold”) hours, was **materially inaccurate.**

> Our purpose today is not to relitigate the protest. It is to address the **interpretive premise** the decision rests on — a premise that, if left standing, reaches every dealer in the state.

WHY IT DOESN'T WORK

An Impossible Standard

01

Repair orders record the **booked time** — not a stopwatch on each technician.

02

Under **flat-rate pay** , “actual hours” aren't even tracked the way the reading assumes.

03

It would render virtually **every dealer's submission** — and every OEM's own warranty payment — “inaccurate.”

04

It cannot be reconciled with **BAR's upfront, specific-job** pricing requirement.

SECTION FIVE

05 The Correct Reading

What “those hours” are — and what we ask of the Board.

THE PLAIN READING

The Hours That Generated the Charges

The hours that generated the charges are the hours that were billed — the time-guide hours on the repair order.

- It appears on the **invoice**
- The **customer authorized** it
- The **OEM itself** uses it
- Every **other state** applies it

“Sold hours” isn't a loophole — it's the measurement the entire system runs on.

OUR REQUEST

What We're Asking

We respectfully ask the Board to recognize that…

1. Warranty uplift — here and nationwide — is built on **piece-rate billing**: each job carries a set time allowance.
2. “The hours that generated those charges” are **universally that billed time-guide amount** — the sold hours.

THANK YOU

Questions & Discussion

We appreciate the Board's time and attention, and welcome your questions.

Anthony Bento
CNCDA

Gavin M. Hughes
Hughes Dealer Law

Jordan Jankowski
Armatus Dealer Uplift

California Vehicle Code
Division 2. Administration
Chapter 6. New Motor Vehicle Board

Article 4. Hearings on Franchise Modification, Replacement, Termination, Refusal to Continue, Delivery and Preparation Obligations, and Warranty Reimbursement

Section 3065.2.

(a) A franchisee seeking to establish or modify its retail labor rate, retail parts rate, or both, to determine a reasonable warranty reimbursement schedule shall, no more frequently than once per calendar year, complete the following requirements:
(1) The franchisee shall submit in writing to the franchisor whichever of the following is fewer in number:
(A) Any 100 consecutive qualified repair orders completed, including any nonqualified repair orders completed in the same period.
(B) All repair orders completed in any 90-consecutive-day period.
(2) The franchisee shall calculate its retail labor rate by determining the total charges for labor from the qualified repair orders submitted and dividing that amount by the total number of hours that generated those charges.
(3) The franchisee shall calculate its retail parts rate by determining the total charges for parts from the qualified repair orders submitted, dividing that amount by the franchisee's total cost of the purchase of those parts, subtracting one, and multiplying by 100 to produce a percentage.
(4) The franchisee shall provide notice to the franchisor of its retail labor rate and retail parts rate calculated in accordance with this subdivision.
(b) For purposes of subdivision (a), qualified repair orders submitted under this subdivision shall be from a period occurring not more than 180 days before the submission. Repair orders submitted pursuant to this section may be transmitted electronically. A franchisee may submit either of the following:
(1) A single set of qualified repair orders for purposes of calculating both its retail labor rate and its retail parts rate.
(2) A set of qualified repair orders for purposes of calculating only its retail labor rate or only its retail parts rate.
(c) Charges included in a repair order arising from any of the following shall be omitted in calculating the retail labor rate and retail parts rate under this section:
(1) Manufacturer, manufacturer branch, distributor, or distributor branch special events, specials, or promotional discounts for retail customer repairs.
(2) Parts sold, or repairs performed, at wholesale.
(3) Routine maintenance, including, but not limited to, the replacement of bulbs, fluids, filters, batteries, and belts that are not provided in the course of, and related to, a repair.
(4) Items that do not have individual part numbers including, but not limited to, nuts, bolts, and fasteners.
(5) Vehicle reconditioning.
(6) Accessories.

(7) Repairs of conditions caused by a collision, a road hazard, the force of the elements, vandalism, theft, or owner, operational, or third-party negligence or deliberate act.
(8) Parts sold or repairs performed for insurance carriers.
(9) Vehicle emission inspections required by law.
(10) Manufacturer-approved goodwill or policy repairs or replacements.
(11) Repairs for government agencies or service contract providers.
(12) Repairs with aftermarket parts, when calculating the retail parts rate, but not the retail labor rate.
(13) Repairs on aftermarket parts.
(14) Replacement of or work on tires, including front-end alignments and wheel or tire rotations.
(15) Repairs of motor vehicles owned by the franchisee or an employee thereof at the time of the repair.
(d) (1) A franchisor may contest to the franchisee the material accuracy of the retail labor rate or retail parts rate that was calculated by the franchisee under this section within 30 days after receiving notice from the franchisee or, if the franchisor requests supplemental repair orders pursuant to paragraph (4), within 30 days after receiving the supplemental repair orders. If the franchisor seeks to contest the retail labor rate, retail parts rate, or both, the franchisor shall submit no more than one notification to the franchisee. The notification shall be limited to an assertion that the rate is materially inaccurate or fraudulent, and shall provide a full explanation of any and all reasons for the allegation, evidence substantiating the franchisor's position, a copy of all calculations used by the franchisor in determining the franchisor's position, and a proposed adjusted retail labor rate or retail parts rate, as applicable, on the basis of the repair orders submitted by the franchisee or, if applicable, on the basis provided in paragraph (5). After submitting the notification, the franchisor shall not add to, expand, supplement, or otherwise modify any element of that notification, including, but not limited to, its grounds for contesting the retail labor rate, retail parts rate, or both, without justification. A franchisor shall not deny the franchisee's submission for the retail labor rate, retail parts rate, or both, under subdivision (a).
(2) If the franchisee agrees with the conclusions of the franchisor and any corresponding adjustment to the retail labor rate or retail parts rate, no further action shall be required. The new adjusted rate shall be deemed effective as of the 30th calendar day after the franchisor's receipt of the notice submitted pursuant to subdivision (a).
(3) In the event the franchisor provides all of the information required by paragraph (1) to the franchisee, and the franchisee does not agree with the adjusted rate proposed by the franchisor, the franchisor shall pay the franchisee at the franchisor's proposed adjusted retail labor rate or retail parts rate until a decision is rendered upon any board protest filed pursuant to Section 3065.4 or until any mutual resolution between the franchisor and the franchisee. The franchisor's proposed adjusted rate shall be deemed to be effective as of the 30th day after the franchisor's receipt of the notice submitted pursuant to subdivision (a).
(4) If the franchisor determines from the franchisee's set of repair orders submitted pursuant to subdivisions (a) and (b) that the franchisee's submission for a retail labor rate or retail parts rate is substantially higher than the franchisee's current warranty rate, the franchisor may request, in writing, within 30 days after the franchisor's receipt of the notice

submitted pursuant to subdivision (a), all repair orders closed within the period of 30 days immediately preceding, or 30 days immediately following, the set of repair orders submitted by the franchisee. If the franchisee fails to provide the supplemental repair orders, all time periods under this section shall be suspended until the supplemental repair orders are provided.

(5) If the franchisor requests supplemental repair orders pursuant to paragraphs (1) and (4), the franchisor may calculate a proposed adjusted retail labor rate or retail parts rate, as applicable, based upon any set of the qualified repair orders submitted by the franchisee, if the franchisor complies with all of the following requirements:

(A) The franchisor uses the same requirements applicable to the franchisee's submission pursuant to paragraph (1) of subdivision (a).

(B) The franchisor uses the formula to calculate retail labor rate or retail parts as provided in subdivision (a).

(C) The franchisor omits all charges in the repair orders as provided in subdivision (c).

(e) If the franchisor does not contest the retail labor rate or retail parts rate that was calculated by the franchisee, or if the franchisor fails to contest the rate pursuant to subdivision (d), within 30 days after receiving the notice submitted by the franchisee pursuant to subdivision (a), the uncontested retail labor rate or retail parts rate shall take effect on the 30th day after the franchisor's receipt of the notice and the franchisor shall use the new retail labor rate or retail parts rate, or both, if applicable, to determine compensation to fulfill warranty obligations to the franchisee pursuant to this section.

(f) When calculating the retail parts rate and retail labor rate, all of the following shall apply:

(1) Promotional reward program cash-equivalent pay methods shall not be considered discounts.

(2) (A) The franchisor is prohibited from establishing or implementing a special part or component number for parts used in warranty work, if the result of the special part or component lowers compensation to the franchisee below that amount calculated pursuant to this section.

(B) This paragraph does not apply to parts or components that are subject to a recall and are issued a new special part or component number. This paragraph does not prohibit a franchisor from changing prices of parts in the ordinary course of business.

(g) When the franchisor is compensating the franchisee for the retail parts rate, all of the following shall apply:

(1) If the franchisor furnishes a part to a franchisee at no cost for use in performing warranty obligations, the franchisor shall compensate the franchisee the amount resulting from multiplying the wholesale value of the part by the franchisee's retail parts rate determined pursuant to this section.

(2) If the franchisor furnishes a part to a franchisee at a reduced cost for use in performing warranty obligations, the franchisor shall compensate the franchisee the amount resulting from multiplying the wholesale value of the part by the franchisee's retail parts rate determined pursuant to this section, plus the franchisee's cost of the part.

(3) The wholesale value of the part, for purposes of this subdivision, shall be the greater of:

(A) The amount the franchisee paid for the part or a substantially identical part if already owned by the franchisee.

(B) The cost of the part shown in a current franchisor's established price schedule.
(C) The cost of a substantially identical part shown in a current franchisor's established price schedule.
(h) When a franchisee submits for the establishment or modification of a retail labor rate, retail parts rate, or both, pursuant to this section, a franchisee's retail labor rate or retail parts rate shall be calculated only using the method prescribed in this section. When a franchisee submits for the establishment or modification of a retail labor rate, retail parts rate, or both, pursuant to this section, a franchisor shall not use, or require a franchisee to use, any other method, including, but not limited to, any of the following:
(1) Substituting any other purported repair sample for that submitted by a franchisee.
(2) Imposing any method related to the establishment of a retail labor rate or retail parts rate that is unreasonable or time consuming, or require the use of information that is unreasonable or time consuming to obtain, including part-by-part or transaction-by-transaction calculations or utilization of the franchisee's financial statement.
(3) Unilaterally calculating a retail labor rate or retail parts rate for a franchisee, except as provided in subdivision (d).
(4) Using a franchisee's sample, submitted for establishing or increasing its retail parts rate, to establish or reduce the franchisee's retail labor rate or using a franchisee's sample, submitted for establishing or increasing its retail labor rate, to establish or reduce the franchisee's retail parts rate.
(i) A franchisor shall not do any of the following:
(1) Attempt to influence a franchisee to implement or change the prices for which the franchisee sells parts or labor in retail repairs because the franchisee is seeking compensation or exercising any right pursuant to this section.
(2) Directly or indirectly, take or threaten to take any adverse action against a franchisee for seeking compensation or exercising any right pursuant to this section, by any action including, but not limited to, the following:
(A) Assessing penalties, surcharges, or similar costs to a franchisee.
(B) Transferring or shifting any costs to a franchisee.
(C) Limiting allocation of vehicles or parts to a franchisee.
(D) Failing to act other than in good faith.
(E) Hindering, delaying, or rejecting the proper and timely payment of compensation due under this section to a franchisee.
(F) Establishing, implementing, enforcing, or applying any discriminatory policy, standard, rule, program, or incentive regarding compensation due under this section.
(G) Conducting or threatening to conduct nonroutine or nonrandom warranty, nonwarranty repair, or other service-related audits in response to a franchisee seeking compensation or exercising any right pursuant to this section.
(3) This subdivision does not prohibit a franchisor from increasing prices of vehicles or parts in the ordinary course of business.
(j) As used in this section, a "qualified repair order" is a repair order, closed at the time of submission, for work that was performed outside of the period of the manufacturer's warranty and paid for by the customer, but that would have been covered by a manufacturer's warranty if the work had been required and performed during the period of warranty.
(Amended by Stats. 2020, Ch. 370, Sec. 265. (SB 1371) Effective January 1, 2021.)

Section 3065.4.

(a) If a franchisor fails to comply with Section 3065.2, or if a franchisee disputes the franchisor's proposed adjusted retail labor rate or retail parts rate, the franchisee may file a protest with the board for a declaration of the franchisee's retail labor rate or retail parts rate. In any protest under this section, the franchisor shall have the burden of proof that it complied with Section 3065.2 and that the franchisee's determination of the retail labor rate or retail parts rate is materially inaccurate or fraudulent.
(b) Upon a decision by the board pursuant to subdivision (a), the board may determine the difference between the amount the franchisee has actually received from the franchisor for fulfilled warranty obligations and the amount that the franchisee would have received if the franchisor had compensated the franchisee at the retail labor rate and retail parts rate as determined in accordance with Section 3065.2 for a period beginning 30 days after receipt of the franchisee's initial submission under subdivision (a) of Section 3065.2. The franchisee may submit a request to the franchisor to calculate the unpaid warranty reimbursement compensation and the franchisor shall provide this calculation to the franchisee within 30 days after receipt of the request. The request for the calculation will also be deemed a request for payment of the unpaid warranty reimbursement compensation.
(c) If the franchisor fails to make full payment within 30 days after the franchisee submits a request for payment, the franchisee may file an action in superior court for injunctive and other appropriate relief to enforce the determination or order of the board. The franchisee may also recover in superior court its actual reasonable expenses in bringing and maintaining an enforcement action in superior court.
(d) Either the franchisor or the franchisee may seek judicial review of the board's determination pursuant to Section 3068.
(Added by Stats. 2019, Ch. 796, Sec. 15. (AB 179) Effective January 1, 2020.)

STATE OF CALIFORNIA
DMV
Department of Motor Vehicles

PRINT OR TYPE
LAST 4 DIGITS OF YOUR SOCIAL SECURITY NUMBER ______________________

EMPLOYEE'S NAME ____

STATEMENT OF INCOMPATIBLE ACTIVITIES

It is the policy of the Department of Motor Vehicles (DMV) that all employees comply with ***Government Code §19990*** pertaining to employee conduct. Furthermore, DMV employees may be subject to disciplinary action for causes and conduct delineated in ***Government Code §19572***. Employees shall not engage in any employment, activity, or enterprise, which is clearly inconsistent with, incompatible with, in conflict with, or inimical (detrimental) to their duties. All state officers and employees of the DMV are expected to comply with this policy during their employment.

Effective January 1, 2005, the following activities constitute the grounds for which an employee may be subject to disciplinary action. The department also reserves the right to request that criminal charges be filed for violations.

A. ***Government Code §19572*** - Section 19572 provides for disciplinary action against an employee or person whose name appears on any employment list. The causes include: fraud in securing appointment; incompetency; inefficiency; inexcusable neglect of duty; insubordination; dishonesty; drunkenness on duty; intemperance; addiction to the use of controlled substances; inexcusable absence without leave; conviction of a felony or conviction of a misdemeanor involving moral turpitude, a plea or verdict of guilty, or a conviction following a plea of nolo contendere, to a charge of a felony or any offense involving moral turpitude is deemed to be a conviction within the meaning of this section; immorality; discourteous treatment of the public or other employees; improper political activity; willful disobedience; misuse of state property; refusal to take any oath or affirmation required by law as a condition of employment; the use, during duty hours, for training or target practice of any material which is not authorized by the appointing power; unlawful discrimination, including harassment, on any basis listed in subdivision (a) of ***Government Code §12940***, as those bases are defined in §§12926 and 12926.1, against the public or other employees while acting in the capacity of a state employee; unlawful retaliation against any other state officer, employee or member of the public who in good faith reports, discloses, divulges, or otherwise brings to the attention of, the Attorney General or any other appropriate authority, any facts or information relative to actual or suspected violation of any law of this state or the United States occurring on the job or directly related to the job; other failure of good behavior during or outside of duty hours which is of such a nature that it causes discredit to the department; and violation of the prohibitions set forth in accordance with ***Government Code §19990***.

B. ***Government Code §19990*** - Section 19990 provides that a state officer or employee shall not engage in any employment, activity, or enterprise which is clearly inconsistent, incompatible, in conflict with, or inimical (detrimental) to their duties as a state officer or employee.

1. Using the prestige or influence of the state or the appointing authority for the officer's or employee's private gain, or advantage or the private gain of another.
2. Using state time, facilities, equipment, or supplies for private gain or advantage.
3. Using, or having access to confidential information, available by virtue of state employment, for private gain or advantage, or providing confidential information to persons to whom issuance of this information has not been authorized.
4. Receiving or accepting money or any other consideration from anyone other than the state for the performance of their duties as a state officer or employee.
5. Performance of an act in other than their capacity as a state officer or employee knowing that the act may later be subject, directly or indirectly, to the control, inspection, review, audit, or enforcement by the officer or employee.
6. Receiving or accepting, directly or indirectly, any gift, including money or any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with the officer's or employee's appointing authority, or whose activities are regulated or controlled by the department under circumstances from which it reasonably could be substantiated that the gift was intended to influence the officer or employee in their official duties or was intended as a reward for any official actions performed by the officer or employee.
7. Subject to any other laws, rules, or regulations, not devoting their full time, attention, and efforts to their state office or employment during their hours of duty as a state officer or employee.

STATEMENT OF INCOMPATIBLE ACTIVITIES

C. ***Additional Authorization*** - In addition to the provisions of ***Government Code §§19572 and 19990***, the director of the DMV may define or determine activities which, for employees of the department, are inconsistent, incompatible or in conflict with their duties as departmental employees. These prohibited activities and enterprises are:

1. Using their employment at the department (e.g., symbol, badge, identification card, records, information, etc.) to obtain any special treatment or favors, either during or outside office hours.
2. Using their working hours, state facilities, equipment, or materials for private activities.
3. Accessing, selling, altering, or sharing vehicle registration, driver license, or any type of confidential information, except as part of their duties. Employees cannot reveal confidential information acquired as a result of working for the state before the information is made public; nor can employees reveal confidential management information used as the basis for decision-making.
4. Processing, controlling, inspecting, reviewing, auditing, or enforcing in their capacity as a state employee, any type of act, document, or transaction (e.g., registration, driver license, personnel, payroll, etc.) for themselves, family, an individual with whom the employee has a close personal relationship, coworker, or an outside entity in which the employee has a material financial interest. Employees that have any documents or transactions that need to be processed, reviewed, or audited will submit the documents or transactions to their unit manager. The unit manager will assign the work to a technician of their choosing. Exceptions may be granted to accommodate circumstances such as for employees working in field offices located in smaller communities where prohibiting the processing of a document or transaction may be impractical.

   Personal relationship means any relationship so personal that other DMV employees may reasonably perceive that one of the employees may be motivated to treat the other one more favorably than other employees for reasons other than prior job performance, work history or job qualifications. That includes, but is not limited to, any familial relationship established by blood, adoption, marriage, or registered domestic partnership. For the purpose of this policy, personal relationships are not limited to familial relationships, but also include employees who reside together or have other close personal bonds. Family includes spouses, parents, brothers, sisters, children, stepchildren, grandparents, aunts, uncles, nieces, nephews, cousins, parents-in-law, grandparents-in-law, daughters-in-law, sons-in-law, sisters-in-law, brothers-in-law, or individuals who reside in the same household.
5. Supervisory employees shall not use their authority to influence any other employee to perform any act that would violate section C.4 of this document.
6. Purchasing goods or services at special discounts or special concessions from businesses or agents who operate under certificates or licenses issued by the department, or businesses which do business with the department, unless the same discounts/concessions are also generally available to other state employees. For example, employees cannot accept discounts from such businesses as automobile dealerships, driving schools, or dismantlers unless the same discounts are also generally available to other state employees.
7. Engaging in or having a material financial interest in any outside activity/employment (e.g., owning, receiving income from, being employed by, etc.), which is clearly inconsistent, incompatible, in conflict with or inimical (detrimental) to their duties at the department. These duties include, but are not limited to:
   a. Processing and/or reviewing registration documents.
   b. Processing and/or reviewing driver license documents.
   c. Conducting driver license examinations and/or driver safety reviews.
   d. Auditing outside entities.
   e. Procuring merchandise/services for the department.
   f. Processing and/or reviewing contractual documents.
   g. Making vehicle inspections, engine verifications, or vehicle appraisals.
   h. Holding positions which may influence such duties.

STATEMENT OF INCOMPATIBLE ACTIVITIES

Examples of activities which are incompatible include, but are not limited to:

(1.) Employees whose duties include processing driver license transactions are prohibited from owning, being employed by, or having a material financial interest in a private driving school.

(2.) Employees whose duties include processing or reviewing procurement documents are prohibited from owning, being employed by, or having a material financial interest in a business that sells materials or services to the department.

(3.) Employees whose duties include processing registration documents are prohibited from owning, being employed by, or having a material financial interest in a business which has been delegated to process these transactions (e.g., registration services, motor vehicle dealers, dismantlers, etc.).

8. Soliciting or receiving any kind of political contribution in connection with department-related activities, or using any official authority/influence in order to coerce the vote, contribution, or political action of any state employee or person on an employment list.

   Employees can be politically active as long as they do so as a private citizen and not, in the course of those activities, present themselves as representing DMV. Departmental offices cannot display political signs or symbols. All supervisors and managers must refrain from influencing the political decisions of their employees.

9. Accepting anything from any customer or client or potential customer or client if the purpose is to obtain special favors, faster service, exception processing, or advantage not available to other customers or potential customers. However, a representative of the department, designated by the Director, may accept, on behalf of the department, awards, certificates of appreciation, and commendations that are not of a quid pro quo nature and have monetary value attached.

   If an employee is engaged in or intends to enter into an activity that could be considered incompatible or any activity associated with a departmental program or licensee, the employee shall bring that activity to the immediate attention of their supervisor. It will be the supervisor's responsibility to determine whether the activity is incompatible. Employees may appeal the prohibitions contained in this statement. Appeals must be in writing and branch/regional level management will conduct the first review. Deputy Directors will be the second and final level of appeal.

If the provisions of this statement are in conflict with the provisions of a memorandum of understanding reached pursuant to ***Government Code §3517.5***, the memorandum of understanding will be controlling.

I have read the foregoing Statement of Incompatible Activities and understand that I may be subject to disciplinary action and/or criminal charges for any violation of the prohibitions contained herein.

____ ___________________________________
EMPLOYEE SIGNATURE DATE

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-4-26

WHEREAS ensuring that public officials and others involved in decision making use their positions exclusively to advance the public good, and do not use their positions and access to confidential information for personal gain, is critical to maintaining public trust in the integrity of government; and

WHEREAS the emergence of predictive markets, in which individuals can bet on the occurrence of certain events, including governmental actions, has brought into sharp focus the risk that governmental insiders can use their knowledge for personal enrichment; and

WHEREAS these risks, and the potential harm they pose to public trust in government, are underscored by several recent high-profile instances of predictive market participants making significant money based on actions taken by the federal government, prompting significant and reasonable speculation that the individuals involved are federal government insiders; and

WHEREAS, as just one example, an individual precisely predicted multiple events related to the United States' military intervention in Venezuela, war with Iran, and military operations targeting drug cartels—and extremely unlikely outcome for someone without insider knowledge—and pocketed tens of thousands of dollars in profit in the process; and

WHEREAS the erratic, and at times self-contradictory, statements and actions by the current federal administration and its failure to enforce any meaningful ethical standards present particularly unique risks of abuse of predictive markets by government insiders, but those risks are not limited only to federal officials; and

WHEREAS California has robust ethics rules for public officials, including conflict of interest rules in the Political Reform Act of 1974 and the prohibition on incompatible activities for public officials; and

WHEREAS, given the current public attention on predictive markets and risks of their abuse by governmental insiders, formally affirming that these prohibitions extend to the use of any non-public information obtained due to public service to personally profit, or assist another person in profiting, from participation in predictive markets will reinforce public trust that state government officials are focused exclusively on advancing the public good.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT: All gubernatorial appointees are strictly prohibited from using any non-public information obtained due to their public service to personally profit or assist another person, including spouses, children, other family members, former business partners, or others, in profiting from participation in predictive markets. Gubernatorial appointees are directed to consult with their agency or department ethics officer and/or the Governor's Office of Legal Affairs should they have any question about compliance with this Order.

I FURTHER DIRECT that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 27th day of March 2026.

GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY N. WEBER, PH. D
Secretary of State

State of California

New Motor Vehicle Board

R E S O L U T I O N

WHEREAS, Ms. Kathryn Doi was appointed to the Board in September 2013, by Governor Edmund G. Brown Jr. , and reappointed in March 2017, to serve as a public member and designated attorney member of the ***NEW MOTOR VEHICLE BOARD***. She was reappointed by Governor Gavin Newsom in March 2021; and,

WHEREAS, Ms. Doi served on numerous committees, most recently as a member of the Board Development Committee, and chair of the Committee on Equity, Justice and Inclusion and Policy and Procedure Committee; served two terms as the Board's President in 2019 and 2020, and two terms as Vice President in 2017 and 2018; assisted the Board in many other capacities including her work on judicial matters and distinguished herself thereby; and,

WHEREAS, Ms. Doi actively engaged in the Board's business by providing sound advice and leadership, was thoughtful, friendly and outgoing to staff and fellow members; and,

WHEREAS, the foremost concern of Ms. Doi is public service to the people of the State of California, being active in political and community affairs, with exemplary service and dedication in the best interest of her fellow citizens, which merits the highest praise and recognition; and,

WHEREAS, Ms. Doi has given with great unselfishness and dedication of her time and expertise to matters concerning the motor vehicle industry and helped direct and protect the welfare of the automotive industry in this State, which is vital to California's economy and public welfare, thereby enhancing the respect of the auto industry and public for the Board; and,

THEREFORE, BE IT RESOLVED that each and every member of the ***NEW MOTOR VEHICLE BOARD*** joins in expressing their profound appreciation to Ms. Kathryn Doi for her contribution to the Board, to the motor vehicle industry and to the people of the State of California.

Dated this 20th day of February 2026

JACOB STEVENS, PRESIDENT	ANNE SMITH BOLAND, VICE PRESIDENT
ASHLEY DENA, MEMBER	GARRETT JENSEN, MEMBER
SHIRLEY G. JONES, MEMBER	ARDASHES KASSAKHIAN, MEMBER
BISMARCK OBANDO, MEMBER	ALEXANDRA SCHULTHEIS, MEMBER

State of California

New Motor Vehicle Board
R E S O L U T I O N

WHEREAS, Diana Woodward Hagle was appointed as an Administrative Law Judge for the ***NEW MOTOR VEHICLE BOARD*** in April 2006, dutifully serving through September 2025, and distinguished herself thereby; and,

WHEREAS, Judge Woodward Hagle presided over a number of merits hearings, law and motion hearings, and settlement conferences with the utmost skill, professionalism, and legal knowledge. She was conscientious, fair, and a respected public servant to the people of California; and,

WHEREAS, Judge Woodward Hagle generously devoted her time, expertise, experience, and dedication toward the successful operation of the Board in matters concerning the motor vehicle industry, and helped advance and protect the integrity of the automotive industry in this State, which is vital to California's economy and the public welfare, thereby enhancing the respect of the auto industry and public for the Board; and,

WHEREAS, Judge Woodward Hagle mentored and trained her fellow judges, was friendly, and always accessible to Board staff and the parties and counsel that appeared before her; and,

WHEREAS, the foremost concern of Judge Woodward Hagle is public service to the people of the State of California, where prior to her appointment, she served as a Deputy Attorney General of the Department of Justice from 1969 to 2004. At the same time, she was enlisted in the California National Guard, the United States Army Reserves, and was a Colonel in the Judge Advocate General Corps. Judge Woodward Hagle demonstrated exemplary service and dedication in the best interest of her fellow citizens meriting the highest praise and recognition; and,

THEREFORE, BE IT RESOLVED that each and every member of the ***NEW MOTOR VEHICLE BOARD*** joins in expressing their profound appreciation to Judge Diana Woodward Hagle for her contribution to the Board, to the motor vehicle industry and to the people of the State of California.

Dated this 20th day of February 2026

JACOB STEVENS, PRESIDENT	ANNE SMITH BOLAND, VICE PRESIDENT
ASHLEY DENA, MEMBER	GARRETT JENSEN, MEMBER
SHIRLEY G. JONES, MEMBER	ARDASHES KASSAKHIAN, MEMBER
BISMARCK OBANDO, MEMBER	ALEXANDRA SCHULTHEIS, MEMBER

State of California

New Motor Vehicle Board
R E S O L U T I O N

WHEREAS, Evelyn I. Matteucci was appointed as an Administrative Law Judge for the ***NEW MOTOR VEHICLE BOARD*** in January 2017, dutifully serving through 2021, and distinguished herself thereby; and,

WHEREAS, Judge Matteucci presided over merits hearings and law and motion hearings with the utmost skill, professionalism, and legal knowledge. She was conscientious, fair, and a respected public servant to the people of California; and,

WHEREAS, Judge Matteucci generously devoted her time, expertise, experience, and dedication toward the successful operation of the Board in matters concerning the motor vehicle industry, and helped advance and protect the integrity of the automotive industry in this State, which is vital to California's economy and the public welfare, thereby enhancing the respect of the auto industry and public for the Board; and,

WHEREAS, Judge Matteucci was friendly, and always accessible to Board staff and the parties and counsel that appeared before her; and,

WHEREAS, the foremost concern of Judge Matteucci is public service to the people of the State of California, where prior to her appointment, she was a civil servant of the State of California for over 25 years with positions at the Receiver's Office of Legal Affairs, the California Attorney General's Office, and then Business, Transportation & Housing Agency. Judge Matteucci demonstrated exemplary service and dedication in the best interest of her fellow citizens meriting the highest praise and recognition; and,

THEREFORE, BE IT RESOLVED that each and every member of the ***NEW MOTOR VEHICLE BOARD*** joins in expressing their profound appreciation to Judge Evelyn I. Matteucci for her contribution to the Board, to the motor vehicle industry and to the people of the State of California.

Dated this 20th day of February 2026

JACOB STEVENS, PRESIDENT	ANNE SMITH BOLAND, VICE PRESIDENT
ASHLEY DENA, MEMBER	GARRETT JENSEN, MEMBER
SHIRLEY G. JONES, MEMBER	ARDASHES KASSAKHIAN, MEMBER
BISMARCK OBANDO, MEMBER	ALEXANDRA SCHULTHEIS, MEMBER

State of California

New Motor Vehicle Board

R E S O L U T I O N

WHEREAS, Dwight V. Nelsen was appointed as an Administrative Law Judge for the ***NEW MOTOR VEHICLE BOARD*** in January 2017, dutifully serving through August 2025, and distinguished himself thereby; and,

WHEREAS, Judge Nelsen presided over merits hearings and law and motion hearings with the utmost skill, professionalism, and legal knowledge. He was conscientious, fair, and a respected public servant to the people of California; and,

WHEREAS, Judge Nelsen generously devoted his time, expertise, experience, and dedication toward the successful operation of the Board in matters concerning the motor vehicle industry, and helped advance and protect the integrity of the automotive industry in this State, which is vital to California's economy and the public welfare, thereby enhancing the respect of the auto industry and public for the Board; and,

WHEREAS, Judge Nelsen was friendly, and always accessible to Board staff and the parties and counsel that appeared before him; and,

WHEREAS, the foremost concern of Judge Nelsen is public service to the people of the State of California, where prior to his appointment, he had extensive experience as an administrative law judge with the Office of Administrative Hearings and Appeals within the Department of Health Care Services. Judge Nelsen demonstrated exemplary service and dedication in the best interest of his fellow citizens meriting the highest praise and recognition; and,

THEREFORE, BE IT RESOLVED that each and every member of the ***NEW MOTOR VEHICLE BOARD*** joins in expressing their profound appreciation to Judge Dwight V. Nelsen for his contribution to the Board, to the motor vehicle industry and to the people of the State of California.

Dated this 20th day of February 2026

JACOB STEVENS, PRESIDENT	ANNE SMITH BOLAND, VICE PRESIDENT
ASHLEY DENA, MEMBER	GARRETT JENSEN, MEMBER
SHIRLEY G. JONES, MEMBER	ARDASHES KASSAKHIAN, MEMBER
BISMARCK OBANDO, MEMBER	ALEXANDRA SCHULTHEIS, MEMBER

State of California

New Motor Vehicle Board
R E S O L U T I O N

WHEREAS, Kymberly Pipkin was appointed as an Administrative Law Judge for the ***NEW MOTOR VEHICLE BOARD*** in September 2011, dutifully serving through March 2025, and distinguished herself thereby; and,

WHEREAS, Judge Pipkin presided over merits hearings, law and motion hearings, and settlement conferences with the utmost skill, professionalism, and legal knowledge. She was conscientious, fair, and a respected public servant to the people of California; and,

WHEREAS, Judge Pipkin generously devoted her time, expertise, experience, and dedication toward the successful operation of the Board in matters concerning the motor vehicle industry, and helped advance and protect the integrity of the automotive industry in this State, which is vital to California's economy and the public welfare, thereby enhancing the respect of the auto industry and public for the Board; and,

WHEREAS, Judge Pipkin mentored and trained her fellow judges, was friendly, and always accessible to Board staff and the parties and counsel that appeared before her; and,

WHEREAS, the foremost concern of Judge Pipkin is public service to the people of the State of California, where prior to her appointment to the New Motor Vehicle Board, she served as an Administrative Law Judge II with the State Personnel Board having retired after 30 years of state service, demonstrating exemplary service and dedication in the best interest of her fellow citizens meriting the highest praise and recognition; and,

THEREFORE, BE IT RESOLVED that each and every member of the ***NEW MOTOR VEHICLE BOARD*** joins in expressing their profound appreciation to Judge Kymberly Pipkin for her contribution to the Board, to the motor vehicle industry and to the people of the State of California.

Dated this 20th day of February 2026

JACOB STEVENS, PRESIDENT	ANNE SMITH BOLAND, VICE PRESIDENT
ASHLEY DENA, MEMBER	GARRETT JENSEN, MEMBER
SHIRLEY G. JONES, MEMBER	ARDASHES KASSAKHIAN, MEMBER
BISMARCK OBANDO, MEMBER	ALEXANDRA SCHULTHEIS, MEMBER

Memorandum

Date : JUNE 23, 2026

To : ADMINISTRATION COMMITTEE
BISMARCK OBANDO, CHAIR
SHIRLEY G. JONES, MEMBER

From : KIMBERLEE VAYE

Subject : DISCUSSION AND CONSIDERATION OF IMPLEMENTING ELECTRONIC FUNDS TRANSFER (EFT) FOR THE PAYMENT OF FILING FEES, THE ANNUAL BOARD FEE PAID BY MANUFACTURERS AND DISTRIBUTORS, AND DOCUMENT REQUEST FEES (STRATEGIC PLAN 2024-30, GOAL 4.3)

As part of the Board's Strategic Plan 2024-30, Goal 4.3 provides the Board will adopt a resilient credit, debit, Electronic Funds Transfer (EFT) payment option. Staff have been working with Department of Motor Vehicles, Department of Finance, State Treasurer's Office, and U.S. Bank, to develop a mechanism for our stakeholders to have the option to pay filing fees, the Annual Board Fee paid by manufacturers and distributors, and document request fees via EFT (e-check) through a secure portal.

This option is timelier than a payer mailing a check to the Board's offices, likely easier and there are no fees that are incurred by the Board or payer. When the Board adopted the Strategic Plan, it authorized the Executive Direction to take action responsive this goal among others.

All new and revised Board policies are first reviewed by the Committee on Equity, Justice and Inclusion prior to Board consideration. The Committee will review this matter at its meeting on July 16, 2026. If the Committee approves this expanded delegation of authority to the Executive Director, the full Board will discuss and consider it at the July 16, 2026, General Meeting.

If you have any questions or require additional information, please do not hesitate to contact me at (916) 818-2993.

cc: Jacob Stevens, President

Memorandum

Date : June 23, 2026

To : BOARD DEVELOPMENT COMMITTEE
ASHLEY DENA, CHAIR
ALLIE SCHULTHEIS, MEMBER

From : TIMOTHY M. CORCORAN

Subject : UPDATE ON BOARD ACTIVITIES

In an effort to have on-going discussions regarding Board Member education and activities of interest, the Board Development Committee suggested agendizing this topic at each Board Meeting to get input from the members. Additionally, education on topics of interest are scheduled for most General Meetings.

At the February 20, 2026, General Meeting, the members suggested additional training on electric vehicle (EV) charging and the challenges presented. This topic was discussed at the April 8, 2026, Industry Roundtable during the "Pathways to Prosperity" and "California's Zero Emission Vehicle Transition" topics.

At the July 16, 2026, General Meeting, at the California New Car Dealers Association's (CNCDA) request, there is a public discussion on whether actual or sold technician hours are used in calculating a retail labor rate pursuant to Vehicle Code section 3065.2. Also, Alicia Fowler, General Counsel, and Jen-Ann Lee, Deputy General Counsel, California State Transportation Agency will be introduced to the Board and provide a brief update. Lastly, John T. McGlothlin, Deputy Attorney General assigned to the Board, will provide biennial education concerning Statement of Incompatible Activities, present examples of activities that are incompatible, discuss conflicts of interest, and highlight ethics and disclosure rules. He will also address Board's Members' use of personal emails and cell phones for Board business.

Educational presentations will be agendized for each Board Meeting. Board Members can advise staff of any topics they wish to receive more information or training, which will be added to the following list:

- Presentation from dealer and manufacturer attorneys on common disputes between, and differing perspectives of, franchisees and their franchisors.

- Presentation on industry strategies to assure ZEV profitability, by dealer and manufacturer representatives.
- Presentation on implementation of alternative fuel vehicles in mass transit.
- Presentations highlighting local efforts to make communities ZEV-ready.
- Topics on Board procedure, including:

    - Writs of Administrative Mandate.
    - Stipulated Decisions and Orders.
    - Dealer Member Participation.
    - Foundational Board published cases and their common application.
    - Petitions.
    - Case management procedures:
        - Paths a protest can take (law and motion, settlement, merits hearing).
        - Types of protests and the various burdens of proof.
        - Role of the statutorily required notices and time to file a protest.
        - Protests that do not require a notice.

The information in this memorandum is provided for informational purposes only at the July 16, 2026, General Meeting. No Board action is required.

If you have any questions or require additional information, please do not hesitate to contact me at (916) 244-6774.

cc: Jacob Stevens, President

Memorandum

Date : JUNE 23, 2026

To : ALL BOARD MEMBERS

From : TIMOTHY M. CORCORAN

Subject : CONSIDERATION OF THE NOMINEE FOR THE SOLON C. SOTERAS EMPLOYEE RECOGNITION AWARD RECIPIENT AS RECOMMENDED BY THE BOARD DEVELOPMENT COMMITTEE

The Board Development Committee is recommending to the Board at its July 16, 2026 meeting that this year's Solon C. Soteras Employee Recognition Award be awarded to Administrative and Consumer Services Analyst Navpreet (Penny) Bhatti, in recognition of furthering many of the Board's Strategic Plan goals and contributing to the overall success of the team.

Penny has demonstrated exceptional initiative in learning and mastering a wide range of functions across programs enabling her to support and provide coverage across multiple areas with accuracy and professionalism. This includes Legal, Consumer Mediation, and Fee Collection. Her ability to quickly absorb complex information, adapt to shifting priorities, and maintain a high standard of work has greatly strengthened our team's capacity and continuity.

Her dedication and creativity are a testament to the Board's values of collaboration, efficiency, equity, integrity, and transparency. She has played a key role in advancing our Strategic Plan goal of providing stakeholders an efficient option to pay fees, working closely with other departments to build a safe and secure payment portal. Penny stepped up to assist with Legal tasks when most needed and handled assignments with care and commitment, allowing us to continue high-quality service to our stakeholders. And lastly, she participated in our Check to Protect Safety initiative initiating the idea of placing Check to Protect videos in all DMV field offices and assisted with press conferences. Her dedication and passion have contributed to improving and increasing our recall awareness outreach to communities across California.

The Board's approval of Penny for the Employee Recognition Award would result in her nomination by the Board for a monetary award of up to $250 (subject to the approval of the Department of Motor Vehicles), as well as a certificate of recognition and appreciation from the New Motor Vehicle Board.

As background, this program was implemented in 2000 to recognize staff members who have demonstrated marked growth in their position, provided exceptional service to the state, or otherwise accomplished a noteworthy achievement in the workplace during the past year. The award was named for Sol Soteras, former Public Member of the Board.

If you have any questions or require additional information, please do not hesitate to contact me at (916) 244-6774.

Memorandum

Date : **JUNE 23, 2026**

To : **EXECUTIVE COMMITTEE**
JACOB STEVENS, CHAIR
ANNE SMITH BOLAND, MEMBER

From : **TIMOTHY M. CORCORAN**
ROBIN P. PARKER

Subject : **REVIEW AND CONSIDERATION OF BOARD DELEGATIONS IN COMPLIANCE WITH THE 1996 PERFORMANCE AUDIT CONDUCTED BY BUSINESS, TRANSPORTATION & HOUSING AGENCY**

The 1996 Performance Audit conducted by Business, Transportation & Housing Agency[1] recommended that “Delegation authorities should be formally adopted by the Board. Delegations which include signature authority should specify transaction type or dollar limits where applicable and should distinguish between the granting of powers reserved to the Board and duties arising from existing statutory provisions already reserved to individuals.” In November 1996, the Budget and Finance Committee (Joe Drew and Lucille Mazeika) prepared an analysis of the duties of the Board members and staff that was adopted by the Board at its March 18, 1997, General Meeting. The Committee considered all of the duties of the Board and staff, and recognized those which, by statute or regulation, are retained by the Board or are already delegated to designated individuals.

At the May 26, 2011, General Meeting, the members made this an exception report. The legal staff continues to review these delegations each year. The Delegations were recently revised at the August 1, 2025, General Meeting.

At the July 16, 2026, General Meeting, the members will consider updated Delegations in the introductory summary and “Delegation of Administrative Duties:”

1. In “Assignment of Merits Hearings to Office of Administrative Hearings” on page 50, all Board merits Administrative Law Judges were separated in 2025, so there is no need to retain them on the Alternative MSC Assignment Log and the Alternative Law and Motion Assignment Log.

2. The Board Fee increase was approved without change and effective April 1, 2026. Therefore, the delegation to staff with discretion to adjust the fee to any number between $400 and $425 and $.60 and $.65 in “Promulgating Regulations” on pages 53-54 was deleted.

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[1] Effective July 1, 2013, California State Transportation Agency superseded Business, Transportation & Housing Agency.

3. In “Promulgating Regulations” on page 54, staff proposed revising the delegation of authority to the Executive Director to proceed with the rulemaking process to include updating addresses in the Board’s regulations without Board approval as these changes are without regulatory effect. Updates would be provided in the Executive Director’s Report at each General meeting. If the Board adopts this delegation at the July 16, 2026, General Meeting, the Delegations will be updated to avoid the need to consider this matter at a future meeting.

The proposed changes are in underline or strikeout font highlighted yellow. These revised delegations are being considered at the July 16, 2026, General Meeting.

If you have any questions or require additional information, please do not hesitate to contact me at (916) 244-6774 or Robin at (916) 244-6776.

Attachment

NEW MOTOR VEHICLE BOARD

RECOGNITION OF STATUTORY DUTIES AND DELEGATION OF ADMINISTRATIVE DUTIES

The following analysis was prepared as a result of a review of Board duties performed by the Budget and Finance Committee at its meeting held on November 22, 1996. The Committee considered all of the duties of the Board and staff, and recognized those which, by statute or regulation, are retained by the Board or are already delegated to designated individuals. In addition, this analysis recommends which administrative duties should be delegated to staff and the level of Board oversight over these activities. The recommendation also contains an indication as to transaction type and dollar limit for procurement, where applicable.

In 2008, the Board legal staff revised the delegations with updated statutory language but did not modify the existing delegations. It also added formal Board delegations of duties that occurred at noticed meetings. These revised delegations were adopted at the November 20, 2008, General Meeting. From 2008 through 2011, the Board delegations were reviewed by the Board at a noticed meeting. At the May 26, 2011, General Meeting, the members made this an exception report. The legal staff continues to review these delegations each year.

Senate Bill 155 (chaptered October 3, 2013 and effective January 1, 2014) made a number of non-substantive and substantive changes that were adopted by the Board at the July 15, 2014, General meeting and are incorporated throughout. Assembly Bill 759 (chaptered October 1, 2015 and effective January 1, 2016) cleaned up a number of inconsistencies in the Vehicle Code[1] and separated Article 5 RV protests from Article 4 vehicle protests. Article 6 (export or sale-for-resale prohibition policy protests filed by an association) was added to the Vehicle Code by Assembly Bill 1178 (chaptered October 6, 2015 and effective January 1, 2016). These changes were adopted by the Board at the February 10, 2016, General Meeting. Assembly Bill 287 (chaptered September 27, 2016 and effective January 1, 2017) amended Section 3065; these changes were adopted at the January 18, 2017, General Meeting.

At the June 7, 2019, General meeting, the members revised the delegations to reflect the repeal of Article 6 Export or Sale-for-Resale Prohibition Policy protests and the recently revised Legislative Policy, which included three delegations to the Executive Director. The revised delegations were adopted at the June 7, 2019, General Meeting.

Assembly Bill 179 (Stats 2019, Ch. 796; effective January 1, 2020) re-lettered Section 3050, repealed Article 3 Appeals, added the methodology for calculating a franchisee's "retail labor rate" or "retail parts rate" in Section 3065.2, added two new protests in Sections 3065.3 and 3065.4, restored the Board's authority to hear Export or Sale-for-Resale Prohibition Policy protests in Article 6, and made many conforming changes updating recent staff promotions. The revised delegations were adopted at the

[1] All statutory references are to the California Vehicle Code unless noted otherwise.

February 16, 2021, General Meeting.

Effective January 1, 2023, Assembly Bill 2956 deleted obsolete references to appeals in Section 3008. (Stats. 2022, Ch. 295) At the April 28, 2023, General Meeting, the members delegated to the Executive Director temporary discretion (not to exceed 3 years) to assign additional merits hearings to the Office of Administrative Hearings ("OAH") outside the current assignment log. Prior to submitting a hearing to OAH that is outside the normal rotation, the Executive Director will seek Executive Committee permission. The use of OAH in general and any additional assignments will be reported to the Board in the Executive Director's Report. The revised delegations were adopted at the April 28, 2023, General Meeting.

At the April 28, 2023, General Meeting, the Executive Director was given discretion to remove an Administrative Law Judge from an assignment log based on performance. At the September 21, 2023, General Meeting the Board indicated that recruitment and hiring practices should be designed and implemented with the goal of filling at least 44% of Board public contact positions with bilingual employees who have passed the Department of Motor Vehicles' Bilingual Verbal Proficiency Examination. Also, the Ad Hoc Committee on Equity, Justice, and Inclusion will review all new and revised policies prior to Board action in order to further institutionalize equity within Board programs.[2] Effective January 1, 2024, Assembly Bill 473 added three new protests to Section 3065.3. (Stats. 2023, Ch. 332) The Board adopted its first Strategic Plan (June 2024 through July 2030) at the April 25, 2024, General Meeting. The Executive Director was granted the discretion to take action responsive to the objectives. Personnel duties in the Delegation of Administrative Duties was updated to reflect the newly created Assistant Director and Equity Officer position. The revised delegations were adopted at the August 9, 2024, General Meeting.

<u>At the August 1, 2025, General Meeting, the introductory summary and "Delegation of Administrative Duties" were updated. At the November 1, 2024, General Meeting, then President Kassakhian converted the Ad Hoc Committee on Equity, Justice and Inclusion to a standing committee so delegations were updated to reflect this. Additionally, the Board granted staff discretion in consultation with the Executive Committee to reduce the Annual Board fee to any number between $400 and $425 and $.60 and $.65 during the rulemaking process. This delegation was expected to last for 12-18 months. Effective February 28, 2025, all merits hearings in new protests and existing protests will be assigned to OAH. The Board's retired annuitant ALJs will be retained on the Alternative MSC Assignment Log and the Alternative Law and Motion Assignment Log. The revised delegations were adopted at the August 1, 2025, General Meeting.</u>

<u>At the July 16, 2026, General Meeting, the introductory summary and "Delegation of Administrative Duties" were updated. After merits hearings were assigned to OAH, the Board's retired annuitant ALJs were to be retained on the Alternative MSC Assignment Log and the Alternative Law and Motion Assignment Log. However, by the end of 2025, all retired annuitant merits ALJs were separated from service so this is obsolete. The</u>

[2] At the November 1, 2024, General Meeting, then President Kassakhian converted the Ad Hoc Committee on Equity, Justice and Inclusion to a standing committee.

discretion granted to the Executive Director during the Annual Board Fee rulemaking is moot as the Office of Administrative Law approved the rulemaking, which was effective April 1, 2026.

At the July 16, 2026, General Meeting, the staff propose the Board revise its delegation of authority to the Executive Director to proceed with the rulemaking process to include updating addresses in the Board's regulations without Board approval as these changes are without regulatory effect. Any such changes would be reported at the next General Meeting in the Executive Director's Report. If the Board adopts this delegation at the July 16, 2026, General Meeting, the Delegations will be updated to avoid the need to consider this matter at a future meeting.

A. Statutory Duties. The following is a list of the statutory duties of the Board and staff, with an indication as to individual or entity to whom these duties have been delegated. Only those code sections which contain a specific duty are listed below.

Section 3004. Oath of Office

Members of the board shall take an oath of office as provided in the Constitution and the Government Code.

Duties Relating to Section 3004

1. Pursuant to Section 3004, each Board member has a duty to personally take an oath as described in this section. This is a duty of the members of the Board.

Section 3006. Board to Elect President

The board shall organize and elect a president from among its members for a term of one year at the first meeting of each year. The newly elected president shall assume his or her duties at the conclusion of the meeting at which he or she was elected. Reelection to office during membership is unrestricted.

Duties Relating to Section 3006

1. Pursuant to Section 3006, the Board members have a duty to elect a president during the first meeting of the year. This is a duty of the members of the Board.

2. Pursuant to Section 3006, the newly elected Board president has a duty to assume the duties of the position at the conclusion of the meeting through the next election the following year. This is a duty of the President of the Board.

Section 3007. Frequency of Meetings

The board shall meet at least twice during each calendar year. Special meetings may be called at any time by the president or by any five members of the board upon notice for such time and in such manner as the board may provide.

Duties Relating to Section 3007

1. Pursuant to Section 3007, the Board members have a duty to make themselves available at least twice a year to conduct the business of the New Motor Vehicle Board. This is a duty of the members of the Board.

2. Pursuant to Section 3007, the President or any five Board members have the right to call special meetings.

Section 3008. Meetings: Open and Executive

All meetings of the board shall be open and public, and all persons shall be permitted to attend any meeting of the board, except that the board may hold executive sessions to deliberate on the decision to be reached upon the evidence introduced in a proceeding conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

Duties Relating to Section 3008

1. Pursuant to Section 3008(a), the Board has a duty to hold open and public meetings, with the exception of the Board's executive sessions held in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. This is a duty of the members of the Board.

Section 3013. Board's Seal

The board shall adopt a seal and such other device as the members may desire thereon, by which they shall authenticate all papers and documents under their control.

Copies of all records and papers in the board's office shall be received in evidence in all cases when certified under the hand and seal of the board, equally and with like effect as the originals.

Duties Relating to Section 3013

1. Pursuant to Section 3013, the Board has the duty to adopt a seal and "such other devices" that the members deem necessary to authenticate all papers and documents. This is a duty of the members of the Board.

Section 3014. Department Support

The board may appoint an executive director, who shall be exempt from civil service requirements, and who shall devote as much time as may be necessary to discharge the functions of the board as herein provided. The department shall provide the board with the necessary personnel, office space, equipment, supplies, and services that, in the opinion of the board, may be necessary to administer this chapter. However, the board may contract with the department or another state agency for office space, equipment, supplies, and services, as determined by the board to be appropriate, for the administration of this chapter.

Duties Relating to Section 3014

1. Pursuant to Section 3014, the Board may appoint an Executive Director who shall be exempt from civil service requirements. This is a duty of the members of the Board.

2. Pursuant to Section 3014, the Executive Director of the Board has a duty to devote as much time as may be necessary to discharge the functions of the Board. This is a duty of the Executive Director of the Board.

3. Pursuant to Section 3014, the Board has the duty to submit to the Department its opinion of what personnel, office space, equipment, supplies, and services may be necessary to administer this chapter. This is a duty which has been delegated to the staff of the Board, with oversight over these activities retained by the Board. The extent of the delegation and the degree of Board oversight are discussed under the headings of Procurement and Personnel, *infra*.

4. Pursuant to Section 3014, the Board has an optional duty to contract with the Department or another state agency for office space, equipment, supplies, and services, as determined by the Board to be appropriate, for the administration of this chapter. This is a duty of the members of the Board.

Section 3015. Headquarters Office – Meeting Rooms

In addition to the office of the executive director in Sacramento, the department shall, as the need therefor occurs, secure adequate rooms for the meetings of the board in Los Angeles, San Francisco, Sacramento, or other locations in the state as may be required in the discretion of the board, to administer this chapter.

Duties Relating to Section 3015

1. Pursuant to Section 3015, the Board has a duty to provide adequate information to the Department about what requirements the Board has

relating to Board meetings so that the Department can perform its above-mentioned duty. This is a duty which has been delegated to the staff of the Board.

Section 3016. Fees

(a) New motor vehicle dealers and other licensees under the jurisdiction of the board shall be charged fees sufficient to fully fund the activities of the board other than those conducted pursuant to Section 472.5 of the Business and Professions Code. The board may recover the direct cost of the activities required by Section 472.5 of the Business and Professions Code by charging the Department of Consumer Affairs a fee which shall be paid by the Department of Consumer Affairs with funds appropriated from the Certification Account in the Consumer Affairs Fund. All fees shall be deposited, and held separate from other moneys, in the Motor Vehicle Account in the State Transportation Fund, and shall not be transferred to the State Highway Account pursuant to Section 42273.

(b) The fees shall be available, when appropriated, exclusively to fund the activities of the board. If, at the conclusion of any fiscal year, the amount of fees collected exceeds the amount of expenditures for this purpose during the fiscal year, the surplus shall be carried over into the succeeding fiscal year.

Duties Relating to Section 3016

1. Pursuant to Section 3016, the Board has a duty to charge new motor vehicle dealers and other licensees, under the jurisdiction of the Board, fees sufficient to fully fund the Board's activities other than those conducted pursuant to Section 472.5 of the Business and Professions Code. Establishment of the fee by regulation is a duty of the members of the Board. Ensuring that the fees have been collected in a timely manner is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3016, the Board has the right to recover the direct cost of the activities required by Section 472.5 of the Business and Professions Code by charging the Department of Consumer Affairs a fee. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3016, the Board has a duty to deposit all fees collected in a separate Motor Vehicle Account in the State Transportation Fund. This is a duty which has been delegated to the staff of the Board.

Section 3050. Powers and Duties, Generally

The board shall do all of the following:

(a) Adopt rules and regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code governing those matters that are specifically committed to its jurisdiction.

(b) Consider any matter concerning the activities or practices of any person applying for or holding a license as a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative pursuant to Chapter 4 (commencing with Section 11700) of Division 5 submitted by any person. A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, advise other members upon, or decide any matter considered by the board pursuant to this subdivision that involves a dispute between a franchisee and franchisor. After that consideration, the board may do any one or any combination of the following:

(1) Direct the department to conduct investigation of matters that the board deems reasonable, and make a written report on the results of the investigation to the board within the time specified by the board.

(2)(A) Undertake to mediate, arbitrate, or otherwise resolve any honest difference of opinion or viewpoint existing between any member of the public and any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative.

(B) The board does not have jurisdiction over a dispute pursuant to this paragraph involving any member of the public, including a consumer or other person who is not applying for or holding a license as a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative pursuant to Chapter 4 (commencing with Section 11700) of Division 5, unless that person has filed the dispute with the board or consents to jurisdiction by the board.

(3) Order the department to exercise any and all authority or power that the department may have with respect to the issuance, renewal, refusal to renew, suspension, or revocation of the license of any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative as that license is required under Chapter 4 (commencing with Section 11700) of Division 5.

(c) Hear and decide, within the limitations and in accordance with the procedure provided, a protest presented by a franchisee pursuant to Section 3060, 3062, 3064, 3065, 3065.1, 3065.3, 3065.4, 3070, 3072, 3074, 3075, or 3076. A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, advise other members upon, or decide, any matter involving a protest filed pursuant to Article 4 (commencing with Section 3060), unless all parties to the protest stipulate otherwise.

(d) Hear and decide, within the limitations and in accordance with the procedure provided, a protest presented by an association challenging a policy of a manufacturer, manufacturer branch, distributor, or distributor branch pursuant to Section 3085. A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, advise other members upon, or decide, any matter involving a protest filed pursuant to Article 6 (commencing with Section 3085), unless all participants to the protest stipulate otherwise.

(e) Notwithstanding subdivisions (b), (c), and (d), the courts have jurisdiction over all common law and statutory claims originally cognizable in the courts. For those claims, a party may initiate an action directly in any court of competent jurisdiction.

(f) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

Duties Relating to Section 3050

1. Pursuant to Section 3050(a), the Board has a duty to adopt rules and regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code governing such matters as are specifically committed to its jurisdiction. This is a duty of the members of the Board.

2. Pursuant to Section 3050(b), the Board has a duty to consider any matter concerning the activities or practices of any person applying for or holding a license pursuant to Chapter 4 (commencing with Section 11700) of Division 5 submitted by any person. This provision contains duties which are retained by the Board as well as duties which have been delegated to staff. The staff is responsible for the administration of petitions filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty of first considering these matters, pursuant to Section 557 of the Board's regulations, as well as rendering the final decision on the merits of the dispute.

3. Pursuant to Section 3050(b), the dealer members of the Board have a duty not to participate in, hear, comment, advise other members upon, or decide any matter considered pursuant to Section 3050(c) that involves a dispute between a franchisee and franchisor. This is a duty of the members of the Board.

4. Pursuant to Section 3050(b)(1), the Board has a right to direct the Department to conduct an investigation of matters that the Board deems reasonable, and make a written report on the results to the Board. This is a duty of the members of the Board.

5. Pursuant to Section 3050(b)(2)(A), the Board has a right to undertake to mediate, arbitrate, or otherwise resolve any honest difference of opinion or viewpoint existing between any member of the public and any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative. This is a duty of the members of the Board. This provision contains duties which are retained by the Board as well as duties which have been delegated to staff. The duty to mediate these matters has been delegated to the staff of the Board. The staff also has the responsibility for the administration of petitions filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty of rendering the final decision on the merits of the disputes.

6. Pursuant to Section 3050(b)(2)(B), the Board does not have jurisdiction over a petition involving any member of the public, including a consumer or other person who is not an applicant for or a licensed new motor vehicle dealer, manufacturer, or distributor, unless that person has filed the dispute with the board or consents to jurisdiction by the board. This provision contains duties which are retained by the Board as well as duties which have been delegated to staff. The staff has the responsibility for the administration of petitions filed under this section, including ensuring all non-licensee parties have consented to the Board's jurisdiction, the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty of rendering the final decision on the merits of the dispute.

7. Pursuant to Section 3050(b)(3), the Board has a right to order the Department to exercise any and all authority or power that the Department may have with respect to the issuance, renewal, refusal to renew, suspension, or revocation of the license of any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative as that license is required under Chapter 4 (commencing with Section 11700) of Division 5. This is a duty of the members of the Board.

8. Pursuant to Section 3050(c), the Board has a right to hear and decide a protest presented by a franchisee pursuant to Sections 3060, 3062, 3064, 3065, 3065.1, 3065.3, 3065.4, 3070, 3072, 3074, 3075, or 3076. This provision contains duties which are retained by the Board as well as duties which have been delegated to staff. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

9. Pursuant to Section 3050(c), the dealer members of the Board have a duty not to participate in, hear, comment, advise other members upon, or decide, any matter involving a protest filed pursuant to Article 4 (commencing with Section 3060), unless all parties to the protest stipulate otherwise. This is a duty of the members of the Board.

10. Pursuant to Section 3050(d), the Board has a right to hear and decide a protest presented by an association challenging a policy of a manufacturer or distributor pursuant to Section 3085. This provision contains duties which are retained by the Board as well as duties which have been delegated to staff. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

11. Pursuant to Section 3050(d), the dealer members of the Board have a duty not to participate in, hear, comment, advise other members upon, or decide, any matter involving a protest filed pursuant to Article 6 (commencing with Section 3085), unless all parties to the protest stipulate otherwise. This is a duty of the members of the Board.

12. Pursuant to Section 3050(e) notwithstanding Section 3050 subdivisions (b), (c), and (d) above, the courts have jurisdiction over all common law and statutory claims originally cognizable in the courts. The members of the Board have a duty not to require the exhaustion of administrative remedies over all common law and statutory claims originally cognizable in the courts. For those claims, a party may initiate an action directly in any court of competent jurisdiction.

Section 3050.1. Oaths, Depositions, Certification to Official Acts, and Issuance of Subpoenas

(a) In any proceeding, hearing, or in the discharge of duties imposed under this chapter, the board, its executive director, or an administrative law judge designated by the board may administer oaths, take depositions, certify to official acts, and issue subpoenas to compel attendance of witnesses and the production of books, records, papers, and other documents in any part of the state.

(b) For purposes of discovery, the board or its executive director may, if deemed appropriate and proper under the circumstances, authorize the parties to engage in the civil action discovery procedures in Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure, excepting the provisions of Chapter 13 (commencing with Section 2030.010) of that title. Discovery shall be completed no later than 15 days prior to the commencement of the proceeding or hearing before the board. This subdivision shall apply only to those proceedings or hearings involving a petition filed pursuant to_subdivision (b) of Section 3050 or protest filed pursuant to subdivision (c) or (d) of Section 3050. The board, its executive director, or an administrative law judge designated by the board may issue subpoenas to compel attendance at depositions of persons having knowledge of the acts, omissions, or events that are the basis for the proceedings, as well as the production of books, records, papers, and other documents.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

Duties Relating to Section 3050.1

1. Pursuant to Section 3050.1(a), the Board, the Executive Director, or the Board's administrative law judges have the right, in any proceeding, hearing, or in the discharge of any duties imposed under this chapter to (a) administer oaths, (b) take depositions, (c) certify to official acts, (d) issue subpoenas to compel attendance of witnesses, and (e) issue subpoenas duces tecum. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3050.1(b), the Board or the Executive Director have the right to authorize the parties to engage in such discovery procedures as are provided for in civil actions in Title 4 (commencing with Section 2016.010) of the Code of Civil Procedure, excepting the provisions of Chapter 13 (commencing with Section 2030.010) of that title. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3050.1(b), the Board has the duty to end discovery no later than 15 days prior to the commencement of the proceeding or hearing before the Board. This is a duty which has been delegated to the staff of the Board.

4. Pursuant to Section 3050.1(b), the Board, the Executive Director, or the Board's administrative law judges have the right to (a) issue subpoenas to compel attendance at depositions, and (b) issue subpoenas duces tecum for production at depositions. This is a duty which has been delegated to the staff of the Board.

<u>Section 3050.2. Enforcement of Subpoenas and Discovery</u>

(a) Obedience to subpoenas issued to compel attendance of witnesses, or the production of books, records, papers, and other documents at the proceeding or hearing, may be enforced by application to the superior court as set forth in Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code.

(b) Compliance with discovery procedures authorized pursuant to subdivision (b) of Section 3050.1 may be enforced by application to the executive director of the board. The executive director may, at the direction of the board, upon a showing of failure to comply with authorized discovery without substantial justification for that failure, dismiss the protest or petition or suspend the proceedings pending compliance. The executive director may, at the direction of the board, upon a failure to comply with authorized discovery without substantial justification for that failure, require payment of costs incurred by the board, as well as attorney's fees and costs of the party who successfully makes or opposes a motion to compel enforcement of discovery. Nothing in this section precludes the executive director from making application to the superior court to enforce obedience to subpoenas or compliance with other discovery procedures authorized pursuant to subdivision (b) of Section 3050.1.

<u>Duties Relating to Section 3050.2</u>

1. Pursuant to Section 3050.2(b), the Board has a right to decide whether or not to dismiss a protest or petition or suspend proceedings upon a showing of failure to comply with authorized discovery without substantial justification. This is a duty of the members of the Board.

2. Pursuant to Section 3050.2(b), the Board has a duty to direct the Executive Director of the Board to dismiss a protest or petition or suspend the proceedings upon a showing of failure to comply with authorized discovery without substantial justification. This is a duty of the members of the Board.

3. Pursuant to Section 3050.2(b), the Executive Director of the Board has a duty to dismiss a protest or petition or suspend the proceedings upon the direction of the Board. The duty to direct the Executive Director to dismiss or suspend the proceedings has been retained by the Board. The duty to follow the Board's direction in this regard has been delegated to the Executive Director.

4. Pursuant to Section 3050.2(b), the Board has a right to decide whether or not to require payment of costs incurred by the Board, as well as attorney's fees and costs of the party who successfully makes or opposes a motion to compel enforcement of discovery, without substantial justification for that failure. This is a duty of the members of the Board.

5. Pursuant to Section 3050.2(b), the Board has a duty to direct the Executive Director of the Board to require payment of costs incurred by the Board, as well as attorney's fees and costs of the party who successfully makes or opposes a motion to compel enforcement of discovery, without substantial justification for that failure. The duty to direct the Executive Director to require payment of costs incurred by the Board has been retained by the Board. The duty to follow the Board's direction in this regard has been delegated to the Executive Director.

6. Pursuant to Section 3050.2(b), the Executive Director of the Board has the right to make application to the superior court to enforce obedience to subpoenas or compliance with other discovery procedures authorized pursuant to subdivision (b) of Section 3050.1. This is a duty which has been statutorily delegated to the staff of the Board.

<u>Section 3050.3. Witness Fees and the Mileage Allowance</u>

A witness, other than an officer or employee of the state or of a political subdivision of the state, who appears by order of the board or its executive director, shall receive for his or her attendance the same fees and the same mileage allowed by law to witnesses in civil cases. The amount shall be paid by the party at whose request the witness is subpoenaed. The mileage and fees, if any, of a witness subpoenaed by the board or its executive director, but not at the request of a party, shall be paid from the funds provided for the use of the board in the same manner that other expenses of the board are paid.

<u>Duties Relating to Section 3050.3</u>

1. Pursuant to Section 3050.3, the Board has a duty to pay the mileage and

fees of a witness subpoenaed by the Board or the Executive Director of the Board, but not at the request of a party. This is a duty which has been delegated to the staff of the Board.

Section 3050.4. Mandatory Settlement Conference

In any protest or petition before the board, the board, its executive director, or an administrative law judge designated by the board or its executive director, may order a mandatory settlement conference. The failure of a party to appear, to be prepared, or to have authority to settle the matter may result in one or more of the following:

(a) The board, its executive director, or an administrative law judge designated by the board or its executive director, may suspend all proceedings before the board in the matter until compliance.

(b) The board, its executive director, or an administrative law judge designated by the board or its executive director, may dismiss the proceedings or any part thereof before the board with or without prejudice.

(c) The board, its executive director, or an administrative law judge designated by the board or its executive director, may require all the board's costs to be paid by the party at fault.

(d) The board, its executive director, or an administrative law judge designated by the board or its executive director, may deem that the party at fault has abandoned the matter.

Duties Relating to Section 3050.4

1. Pursuant to Section 3050.4, the Board, the Executive Director, or a Board Administrative Law Judge may order a mandatory settlement conference. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3050.4, the Board, the Executive Director, or a Board Administrative Law Judge has the right to (a) suspend all proceedings before the Board in the matter until compliance, (b) dismiss the proceedings or any part thereof before the Board with or without prejudice, (c) require all the Board's costs to be paid by the party at fault, or (d) deem that the party at fault has abandoned the matter, if any party fails to appear, to be prepared, or to have authority to settle the pending action. This is a duty which has been delegated to the staff of the Board.

Section 3050.5. Fees for Appeal, Protest or Petition

Pursuant to Section 3016, the board shall establish a fee for the initial filing by any party in regard to any protest or petition filed pursuant to this chapter.

Duties Relating to Section 3050.5

1. Pursuant to Section 3050.5, the Board has a duty to establish a fee for the initial filing by any party in regard to any protest or petition filed pursuant to this chapter. Establishment of the fee by regulation is a duty of the members of the Board. Ensuring that the fees have been collected in a timely manner is a duty which has been delegated to the staff of the Board.

Section 3050.6. Cost Assessment

The board or its executive director may, in the event of a granting of a continuance of a scheduled matter, assess costs of the board upon the party receiving the continuance.

Duties Relating to Section 3050.6

1. Pursuant to Section 3050.6, the Board or the Executive Director have the right to assess costs of the Board upon a party receiving a continuance of a scheduled matter if the matter is actually continued. This is a duty which has been delegated to the staff of the Board.

Section 3050.7. Stipulated Decisions and Orders

(a) The board may adopt stipulated decisions and orders, without a hearing pursuant to Section 3066, 3080, or 3085.2, to resolve one or more issues raised by a protest or petition filed with the board. Whenever the parties to a protest or petition submit a proposed stipulated decision and order of the board, a copy of the proposed stipulated decision and order shall be transmitted by the executive director of the board to each member of the board. The proposed stipulated decision and order shall be deemed to be adopted by the board unless a member of the board notifies the executive director of the board of an objection thereto within 10 days after that board member has received a copy of the proposed stipulated decision and order.

(b) If the board adopts a stipulated decision and order to resolve a protest filed pursuant to Section 3060 or 3070 in which the parties stipulate that good cause exists for the termination of the franchise of the protestant, and the order provides for a conditional or unconditional termination of the franchise of the protestant, paragraph (2) of subdivision (a) of Section 3060 and paragraph (2) of subdivision (a) of Section 3070, which require a hearing to determine whether good cause exists for termination of the franchise, is inapplicable to the proceedings. If the stipulated decision and order provides for an unconditional termination of the franchise, the franchise may be terminated without further proceedings by the board. If the stipulated decision and order provides for the termination of the franchise, conditioned upon the failure of a party to comply with specified conditions, the franchise may be terminated upon a determination, according to the terms of the stipulated decision and order, that the conditions have not been met. If the stipulated decision and order provides for the termination of the franchise conditioned upon the occurrence of specified conditions, the franchise may be terminated upon a determination, according to the terms of the stipulated decision and order, that the stipulated conditions have occurred.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

Duties Relating to Section 3050.7

1. Pursuant to Section 3050.7(a), when the parties to a protest or petition submit a proposed stipulated decision and order of the Board, the Executive Director has a duty to transmit a copy of the proposed stipulated decision and order to each Board member.

2. Pursuant to Section 3050.7(b), upon request by a party to a stipulation, if the stipulated decision and order provides for the termination of the franchise, conditioned upon the failure of a party to comply with specified conditions, or the occurrence of specified conditions, the Board has a duty to determine whether or not the terms and conditions have been met. This duty has been delegated to the staff of the Board to the extent that the provisions of the stipulated decision and order delegate the duty to make such determination to specified individuals.

Section 3060. Termination of Franchise

(a) Notwithstanding Section 20999.1 of the Business and Professions Code or the terms of any franchise, no franchisor shall terminate or refuse to continue any existing franchise unless all of the following conditions are met:

(1) The franchisee and the board have received written notice from the franchisor as follows:

(A) Sixty days before the effective date thereof setting forth the specific grounds for termination or refusal to continue.

(B) Fifteen days before the effective date thereof setting forth the specific grounds with respect to any of the following:

(i) Transfer of any ownership or interest in the franchise without the consent of the franchisor, which consent shall not be unreasonably withheld.

(ii) Misrepresentation by the franchisee in applying for the franchise.

(iii) Insolvency of the franchisee, or filing of any petition by or against the franchisee under any bankruptcy or receivership law.

(iv) Any unfair business practice after written warning thereof.

(v) Failure of the motor vehicle dealer to conduct its customary sales and service operations during its customary hours of business for seven consecutive business days, giving rise to a good faith belief on the part of the franchisor that the motor vehicle dealer is in fact going out of business, except for circumstances beyond the direct control of the motor vehicle dealer or by order of the department.

(C) The written notice shall contain, on the first page thereof in at least 12-

point bold type and circumscribed by a line to segregate it from the rest of the text, one of the following statements, whichever is applicable:

(To be inserted when a 60-day notice of termination is given.)

"NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days after receiving this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived."

(To be inserted when a 15-day notice of termination is given.)

"NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 10 calendar days after receiving this notice or within 10 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived."

(2) Except as provided in Section 3050.7, the board finds that there is good cause for termination or refusal to continue, following a hearing called pursuant to Section 3066. The franchisee may file a protest with the board within 30 days after receiving a 60-day notice, satisfying the requirements of this section, or within 30 days after the end of any appeal procedure provided by the franchisor, or within 10 days after receiving a 15-day notice, satisfying the requirements of this section, or within 10 days after the end of any appeal procedure provided by the franchisor. When a protest is filed, the board shall advise the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3066, and that the franchisor may not terminate or refuse to continue until the board makes its findings.

(3)The franchisor has received the written consent of the franchisee, or the appropriate period for filing a protest has elapsed.

(b)(1) Notwithstanding Section 20999.1 of the Business and Professions code or the terms of any franchise, no franchisor shall modify or replace a franchise with a succeeding franchise if the modification or replacement would substantially affect the franchisee's sales or service obligations or investment, unless the franchisor has first given the board and each affected franchisee written notice thereof at least 60 days in advance of the modification or replacement. Within 30 days of receipt of the notice, satisfying the requirements of this section, or within 30 days after the end of any appeal procedure provided by the franchisor, a franchisee may file a protest with the board and the modification or replacement does not become effective until there is a finding by the board that there is good cause for the modification or replacement. If, however, a replacement franchise is the successor franchise to an expiring or expired term franchise, the prior franchise shall continue in effect until resolution of the protest by the board. In the event of multiple protests, hearings shall be consolidated to expedite the disposition of the issue.

(2) The written notice shall contain, on the first page thereof in at least 12-point bold type and circumscribed by a line to segregate it from the rest of the text, the following statement:

"NOTICE TO DEALER: Your franchise agreement is being modified or replaced. If the modification or replacement will substantially affect your sales or service obligations or investment, you have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the proposed modification or replacement of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days of your receipt of this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest rights will be waived."

Duties Relating to Section 3060

1. Pursuant to Section 3060(a)(1) and (b)(1), the Board has a duty to receive written notice from the franchisor in accordance with Section 3060. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3060(a)(2), the Board has a duty to advise the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3066, and that the franchisor may not terminate or refuse to continue until the Board makes its findings. This is a duty which has been delegated to the staff of the Board.

Section 3061. Good Cause

In determining whether good cause has been established for modifying, replacing, terminating, or refusing to continue a franchise, the board shall take into consideration the existing circumstances, including, but not limited to, all of the following:

(a) Amount of business transacted by the franchisee, as compared to the business available to the franchisee.

(b) Investment necessarily made and obligations incurred by the franchisee to perform its part of the franchise.

(c) Permanency of the investment.

(d) Whether it is injurious or beneficial to the public welfare for the franchise to be modified or replaced or the business of the franchisee disrupted.

(e) Whether the franchisee has adequate motor vehicle sales and service facilities, equipment, vehicle parts, and qualified service personnel to reasonably provide for the needs of the consumers for the motor vehicles handled by the franchisee and has been and is rendering adequate services to the public.

(f) Whether the franchisee fails to fulfill the warranty obligations of the franchisor to be performed by the franchisee.

(g) Extent of franchisee's failure to comply with the terms of the franchise.

Duties Relating to Section 3061

1. Pursuant to Section 3061, the Board has a duty, in determining whether good cause has been established for modifying, replacing, terminating, or refusing

to continue a franchise, to take into consideration the existing circumstances, including, but not limited to, all of the following subsections delineated in Section 3061 (a) through (g). The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3062. Establishing or Relocating Dealerships

(a)(1) Except as otherwise provided in subdivision (b), if a franchisor seeks to enter into a franchise establishing an additional motor vehicle dealership, or seeks to relocate an existing motor vehicle dealership, that has a relevant market area within which the same line-make is then represented, the franchisor shall, in writing, first notify the board and each franchisee in that line-make in the relevant market area of the franchisor's intention to establish an additional dealership or to relocate an existing dealership. Within 20 days of receiving the notice, satisfying the requirements of this section, or within 20 days after the end of an appeal procedure provided by the franchisor, a franchisee required to be given the notice may file with the board a protest to the proposed dealership establishment or relocation described in the franchisor's notice. If, within this time, a franchisee files with the board a request for additional time to file a protest, the board or its executive director, upon a showing of good cause, may grant an additional 10 days to file the protest. When a protest is filed, the board shall inform the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3066, and that the franchisor may not establish the proposed dealership or relocate the existing dealership until the board has held a hearing as provided in Section 3066, nor thereafter, if the board has determined that there is good cause for not permitting the establishment of the proposed dealership or relocation of the existing dealership. In the event of multiple protests, hearings may be consolidated to expedite the disposition of the issue.

(2) If a franchisor seeks to enter into a franchise that authorizes a satellite warranty facility to be established at, or relocated to, a proposed location that is within two miles of a dealership of the same line-make, the franchisor shall first give notice in writing of the franchisor's intention to establish or relocate a satellite warranty facility at the proposed location to the board and each franchisee operating a dealership of the same line-make within two miles of the proposed location. Within 20 days of receiving the notice satisfying the requirements of this section, or within 20 days after the end of an appeal procedure provided by the franchisor, a franchisee required to be given the notice may file with the board a protest to the establishing or relocating of the satellite warranty facility. If, within this time, a franchisee files with the board a request for additional time to file a protest, the board or its executive director, upon a showing of good cause, may grant an additional 10 days to file the protest. When a protest is filed, the board shall inform the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3066, and that the franchisor may not establish or relocate the proposed

satellite warranty facility until the board has held a hearing as provided in Section 3066, nor thereafter, if the board has determined that there is good cause for not permitting the satellite warranty facility. In the event of multiple protests, hearings may be consolidated to expedite the disposition of the issue.

(3) The written notice shall contain, on the first page thereof in at least 12-point bold type and circumscribed by a line to segregate it from the rest of the text, the following statement:

"NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing on your protest under the terms of the California Vehicle Code if you oppose this action. You must file your protest with the board within 20 days of your receipt of this notice, or within 20 days after the end of any appeal procedure that is provided by us to you. If within this time you file with the board a request for additional time to file a protest, the board or its executive director, upon a showing of good cause, may grant you an additional 10 days to file the protest."

(b) Subdivision (a) does not apply to either of the following:

(1) The relocation of an existing dealership to any location that is both within the same city as, and within one mile from, the existing dealership location.

(2) The establishment at a location that is both within the same city as, and within one-quarter mile from, the location of a dealership of the same line-make that has been out of operation for less than 90 days.

(c) Subdivision (a) does not apply to a display of vehicles at a fair, exposition, or similar exhibit if actual sales are not made at the event and the display does not exceed 30 days. This subdivision may not be construed to prohibit a new vehicle dealer from establishing a branch office for the purpose of selling vehicles at the fair, exposition, or similar exhibit, even though the event is sponsored by a financial institution, as defined in Section 31041 of the Financial Code or by a financial institution and a licensed dealer. The establishment of these branch offices, however, shall be in accordance with subdivision (a) where applicable.

(d) For the purposes of this section, the reopening of a dealership that has not been in operation for one year or more shall be deemed the establishment of an additional motor vehicle dealership.

(e) As used in this section, the following definitions apply:

(1) “Motor vehicle dealership” or “dealership” means an authorized facility at which a franchisee offers for sale or lease, displays for sale or lease, or sells or leases new motor vehicles.

(2) “Satellite warranty facility” means a facility operated by a franchisee where authorized warranty repairs and service are performed and the offer for sale or lease, the display for sale or lease, or the sale or lease of new motor vehicles is not authorized to take place.

<u>Duties Relating to Section 3062</u>

1. Pursuant to Section 3062(a)(1), the Board has a duty to receive written notice from the franchisor in accordance with Section 3062(a)(1). This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3062(a)(1), the Board or the Executive Director has the right to grant an additional 10 days to file a protest, upon receipt of a request for additional time, and upon a showing of good cause. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3062(a)(1), the Board has the duty to inform the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3066, and that the franchisor may not establish or relocate the proposed dealership until the Board has held a hearing as provided in Section 3066, nor thereafter, if the Board has determined that there is good cause for not permitting the dealership. This is a duty which has been delegated to the staff of the Board.

4. Pursuant to Section 3062(a)(2), the Board has a duty to receive written notice from the franchisor in accordance with Section 3062(a)(2). This is a duty which has been delegated to the staff of the Board.

5. Pursuant to Section 3062(a)(2), the Board or the Executive Director has the right to grant an additional 10 days to file a protest, upon receipt of a request for additional time, and upon a showing of good cause. This is a duty which has been delegated to the staff of the Board.

6. Pursuant to Section 3062(a)(2), the Board has the duty to inform the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3066, and that the franchisor may not establish or relocate the proposed satellite warranty facility until the Board has held a hearing as provided in Section 3066, nor thereafter, if the Board has determined that there is good cause for not permitting the satellite warranty facility. This is a duty which has been delegated to the staff of the Board.

<u>Section 3063. Good Cause</u>

In determining whether good cause has been established for not entering into a franchise or relocating an existing dealership of the same line-make, the board shall take into consideration the existing circumstances, including, but not limited to, all of the following:

(a) Permanency of the investment.

(b) Effect on the retail motor vehicle business and the consuming public in the relevant market area.

(c) Whether it is injurious to the public welfare for an additional franchise to be established or an existing dealership to be relocated.

(d) Whether the franchisees of the same line-make in the relevant market area are providing adequate competition and convenient consumer care for the motor vehicles of the line-make in the market area which shall include the adequacy of motor vehicle sales and service facilities, equipment, supply of vehicle parts, and qualified service personnel.

(e) Whether the establishment of an additional franchise would increase competition and therefore be in the public interest.

(f) For purposes of this section, the terms “motor vehicle dealership” and “dealership” shall have the same meaning as defined in Section 3062.

Duties Relating to Section 3063

1. Pursuant to Section 3063, the Board has the duty, in determining whether good cause has been established for not entering into a franchise or relocating an existing dealership of the same line-make, to take into consideration the existing circumstances, including, but not limited to, all of the following subsections delineated in Section 3063 (a) through (e). The staff is responsible for the administration of the protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3064. Delivery and Preparation Obligations

(a) Every franchisor shall specify to its franchisees the delivery and preparation obligations of the franchisees prior to delivery of new motor vehicles to retail buyers. A copy of the delivery and preparation obligations, which shall constitute the franchisee's only responsibility for product liability between the franchisee and the franchisor but shall not in any way affect the franchisee's responsibility for product liability between the purchaser and either the franchisee or the franchisor, and a schedule of compensation to be paid franchisees for the work and services they shall be required to perform in connection with those delivery and preparation obligations shall be filed with the board by franchisors, and shall constitute the compensation as set forth on the schedule. The schedule of compensation shall be reasonable, with the reasonableness thereof being subject to the approval of the board, if a franchisee files a notice of protest with the board. In determining the reasonableness of the schedules, the board shall consider all relevant circumstances, including, but not limited to, the time required to perform each function that the dealer is obligated to perform and the appropriate labor rate.

(b) Upon delivery of the vehicle, the franchisee shall give a copy of the delivery and preparation obligations to the purchaser and a written certification that the franchisee has fulfilled these obligations.

Duties Relating to Section 3064

1. Pursuant to Section 3064(a), the Board has a duty to receive a copy of the delivery and preparation obligations, and a schedule of compensation to be paid franchisees for the work and services they shall be required to perform in connection with such delivery and preparation obligations. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3064(a), if a franchisee files a notice of protest with the Board, the Board has a duty to determine the reasonableness of the schedule of compensation. This is a duty of the members of the Board.

3. Pursuant to Section 3064(a), in determining the reasonableness of the schedules, the Board has a duty to consider all relevant circumstances, including, but not limited to, the time required to perform each function that the dealer is obligated to perform and the appropriate labor rate. This is a duty of the members of the Board.

4. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

<u>Section 3065. Warranty Reimbursement</u>

(a) Every franchisor shall properly fulfill every warranty agreement made by it and adequately and fairly compensate each of its franchisees for labor and parts used to satisfy the warranty obligations of the franchisor, including, but not limited to, diagnostics, repair, and servicing and shall file a copy of its warranty reimbursement schedule with the board. The warranty reimbursement schedule shall be reasonable with respect to the time and compensation allowed to the franchisee for the warranty diagnostics, repair, servicing, and all other conditions of the obligation, including costs directly associated with the disposal of hazardous materials that are associated with a warranty repair.

(1) The franchisor shall use time allowances for the diagnosis and performance of work and service that are reasonable and adequate for a qualified technician to perform the work or services. A franchisor shall not unreasonably deny a written request submitted by a franchisee for modification of a franchisor's uniform time allowance for a specific warranty repair, or a request submitted by a franchisee for an additional time allowance for either diagnostic or repair work on a specific vehicle covered under warranty, provided the request includes any information and documentation reasonably required by the franchisor to assess the merits of the franchisee's request.

(2) A franchisor shall not replace, modify, or supplement the warranty reimbursement schedule to impose a fixed percentage or other reduction in the time or compensation allowed to the franchisee for warranty repairs not attributable to a specific repair. A franchisor may reduce the allowed time or compensation applicable to a specific warranty repair only upon 15 days' prior written notice to the franchisee.

(3) Any protest challenging a reduction in time or compensation applicable to specific parts or labor operations shall be filed within six months following the franchisee's receipt of notice of the reduction, and the franchisor shall have the burden of establishing the reasonableness of the reduction and adequacy and fairness of the resulting reduction in time or compensation.

(b) In determining what constitutes a reasonable warranty reimbursement schedule under this section, a franchisor shall compensate each of its franchisees for parts and labor at rates equal to the franchisee’s retail labor rate and retail parts rate, as established pursuant to Section 3065.2. Nothing in this subdivision prohibits a franchisee and a franchisor from entering into a voluntary written agreement signed by both parties that compensates for labor and parts used to satisfy the warranty obligations of the franchisor at rates other than the franchisee’s retail rates, provided that the warranty reimbursement schedule adequately and fairly compensates the franchisee.

(c) If any franchisor disallows a franchisee's claim for a defective part, alleging that the part, in fact, is not defective, the franchisor shall return the part alleged not to be defective to the franchisee at the expense of the franchisor, or the franchisee shall be reimbursed for the franchisee's cost of the part, at the franchisor's option.

(d)(1) All claims made by franchisees pursuant to this section shall be either approved or disapproved within 30 days after their receipt by the franchisor. Any claim not specifically disapproved in writing within 30 days from receipt by the franchisor shall be deemed approved on the 30th day. All claims made by franchisees under this section and Section 3064 for labor and parts shall be paid within 30 days after approval.

(2) A franchisor shall not disapprove a claim unless the claim is false or fraudulent, repairs were not properly made, repairs were inappropriate to correct a nonconformity with the written warranty due to an improper act or omission of the franchisee, or for material noncompliance with reasonable and nondiscriminatory documentation and administrative claims submission requirements.

(3) When any claim is disapproved, the franchisee who submits it shall be notified in writing of its disapproval within the required period, and each notice shall state the specific grounds upon which the disapproval is based. The franchisor shall provide for a reasonable appeal process allowing the franchisee at least 30 days after receipt of the written disapproval notice to provide additional supporting documentation or information rebutting the disapproval. If disapproval is based upon noncompliance with documentation or administrative claims submission requirements, the franchisor shall allow the franchisee at least 30 days from the date of receipt of the notice to cure any material noncompliance. If the disapproval is rebutted, and material noncompliance is cured before the applicable deadline, the franchisor shall approve the claim.

(4) If the franchisee provides additional supporting documentation or information purporting to rebut the disapproval, attempts to cure noncompliance relating to the claim, or otherwise appeals denial of the claim and the franchisor continues to deny the claim, the franchisor shall provide the franchisee with a written notification of the final denial within 30 days of completion of the appeal process, which shall conspicuously state “Final Denial” on the first page.

(5) Failure to approve or pay within the above specified time limits, in individual instances for reasons beyond the reasonable control of the franchisor, shall not constitute a violation of this article.

(6) Within six months after either receipt of the written notice described in paragraph (3) or (4), whichever is later, a franchisee may file a protest with the board for determination of whether the franchisor complied with the requirements of this subdivision. In any protest pursuant to this subdivision, the franchisor shall have the burden of proof.

(e)(1) Audits of franchisee warranty records may be conducted by the franchisor on a reasonable basis for a period of nine months after a claim is paid or credit issued. A franchisor shall not select a franchisee for an audit, or perform an audit, in a punitive, retaliatory, or unfairly discriminatory manner. A franchisor may conduct no more than one random audit of a franchisee in a nine-month period. The franchisor's notification to the franchisee of any additional audit within a nine-month period shall be accompanied by written disclosure of the basis for that additional audit.

(2) Previously approved claims shall not be disapproved or charged back to the franchisee unless the claim is false or fraudulent, repairs were not properly made, repairs were inappropriate to correct a nonconformity with the written warranty due to an improper act or omission of the franchisee, or for material noncompliance with reasonable and nondiscriminatory documentation and administrative claims submission requirements. A franchisor shall not disapprove or chargeback a claim based upon an extrapolation from a sample of claims, unless the sample of claims is selected randomly and the extrapolation is performed in a reasonable and statistically valid manner.

(3) If the franchisor disapproves of a previously approved claim following an audit, the franchisor shall provide to the franchisee, within 30 days after the audit, a written disapproval notice stating the specific grounds upon which the claim is disapproved. The franchisor shall provide a reasonable appeal process allowing the franchisee a reasonable period of not less than 30 days after receipt of the written disapproval notice to respond to any disapproval with additional supporting documentation or information rebutting the disapproval and to cure noncompliance, with the period to be commensurate with the volume of claims under consideration. If the franchisee rebuts any disapproval and cures any material noncompliance relating to a claim before the applicable deadline, the franchisor shall not chargeback the franchisee for that claim.

(4) If the franchisee provides additional supporting documentation or information purporting to rebut the disapproval, attempts to cure noncompliance relating to the claim, or otherwise appeals denial of the claim and the franchisor continues to deny the claim, the franchisor shall provide the franchisee with a written notification of the final denial within 30 days of completion of the appeal process, which shall conspicuously state "Final Denial" on the first page.

(5) The franchisor shall not chargeback the franchisee until 45 days after receipt of the written notice described in paragraph (3) or paragraph (4), whichever is later. Any chargeback to a franchisee for warranty parts or service compensation shall be made within 90 days of receipt of that written notice. If the franchisee files a protest pursuant to this subdivision prior to the franchisor's chargeback for denied claims, the franchisor shall not offset or otherwise undertake to collect the chargeback until the board issues a final order on the protest. If the board sustains

the chargeback or the protest is dismissed, the franchisor shall have 90 days following issuance of the final order or the dismissal to make the chargeback, unless otherwise provided in a settlement agreement.

(6) Within six months after either receipt of the written disapproval notice or completion of the franchisor's appeal process, whichever is later, a franchisee may file a protest with the board for determination of whether the franchisor complied with this subdivision. In any protest pursuant to this subdivision, the franchisor shall have the burden of proof.

(f) If a false claim was submitted by a franchisee with the intent to defraud the franchisor, a longer period for audit and any resulting chargeback may be permitted if the franchisor obtains an order from the board.

Duties Relating to Section 3065

1. Pursuant to Section 3065(a), the Board has a duty to receive a copy of a franchisor's warranty reimbursement schedule. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3065(a)(3), if a protest challenging a reduction in time or compensation applicable to specific parts or labor operations is filed with the Board, the Board has a duty to determine the reasonableness of the reduction and adequacy and fairness of the resulting reduction in time or compensation. This is a duty for the members of the Board.

3. Pursuant to Section 3065(d)(3), if a protest challenging the initial disapproval of a warranty claim is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065(d). This is a duty for the members of the Board.

4. Pursuant to Section 3065(d)(4), if a protest challenging the final denial of a warranty claim following the franchisor's appeal process is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065(d). This is a duty for the members of the Board.

5. Pursuant to Section 3065(e)(3), if a protest challenging the warranty claim disapproval of a previously approved claim following an audit is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065(e). This is a duty for the members of the Board.

6. Pursuant to Section 3065(e)(4), if a protest challenging the final denial of a warranty claim following an audit following the franchisor's appeal process is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065(e). This is a duty for the members of the Board.

7. Pursuant to Section 3065(f), the Board has a duty to receive filings relating to a request for an order in accordance with Section 3065(f). This is a duty which has been delegated to the staff of the Board.

8. Pursuant to Section 3065(f), the Board has the duty to review any request for an extension of time to conduct the warranty audit. This duty is for the members of the Board.

9. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3065.1. Franchisor Incentive Program

(a) All claims made by a franchisee for payment under the terms of a franchisor incentive program shall be either approved or disapproved within 30 days after receipt by the franchisor. When any claim is disapproved, the franchisee who submits it shall be notified in writing of its disapproval within the required period, and each notice shall state the specific grounds upon which the disapproval is based. Any claim not specifically disapproved in writing within 30 days from receipt shall be deemed approved on the 30th day. Franchisee claims for incentive program compensation shall not be disapproved unless the claim is false or fraudulent, the claim is ineligible under the terms of the incentive program as previously communicated to the franchisee, or for material noncompliance with reasonable and nondiscriminatory documentation and administrative claims submission requirements.

(b) Franchisee claims for incentive program compensation shall not be disapproved unless the claim is false or fraudulent, the claim is ineligible under the terms of the incentive program as previously communicated to the franchisee, or for material noncompliance with reasonable and nondiscriminatory documentation and administrative claims submission requirements.

(c) The franchisor shall provide for a reasonable appeal process allowing the franchisee at least 30 days after receipt of the written disapproval notice to respond to any disapproval with additional supporting documentation or information rebutting the disapproval. If disapproval is based upon noncompliance with documentation or administrative claims submission requirements, the franchisor shall allow the franchisee at least 30 days from the date of receipt of the written disapproval notice to cure any material noncompliance. If the disapproval is rebutted, and material noncompliance is cured before the applicable deadline, the franchisor shall approve the claim.

(d) If the franchisee provides additional supporting documentation or information purporting to rebut the disapproval, attempts to cure noncompliance relating to the claim, or otherwise appeals denial of the claim, and the franchisor continues to deny the claim, the franchisor shall provide the franchisee with a written notification of the final denial within 30 days of completion of the appeal process, which shall conspicuously state “Final Denial” on the first page.

(e) Following the disapproval of a claim, a franchisee shall have six months from receipt of the written notice described in either subdivision (a) or (d), whichever is later, to file a protest with the board for determination of whether the franchisor complied with subdivisions (a), (b), (c), and (d). In any hearing pursuant to this subdivision or subdivision (a), (b), (c), or (d), the franchisor shall have the burden of proof.

(f) All claims made by franchisees under this section shall be paid within 30 days following approval. Failure to approve or pay within the above specified time limits, in individual instances for reasons beyond the reasonable control of the franchisor, do not constitute a violation of this article.

(g)(1) Audits of franchisee incentive records may be conducted by the franchisor on a reasonable basis, and for a period of nine months after a claim is paid or credit issued. A franchisor shall not select a franchisee for an audit, or perform an audit, in a punitive, retaliatory, or unfairly discriminatory manner. A franchisor may conduct no more than one random audit of a franchisee in a nine-month period. The franchisor’s notification to the franchisee of any additional audit within a nine-month period shall be accompanied by written disclosure of the basis for that additional audit.

(2) Previously approved claims shall not be disapproved and charged back unless the claim is false or fraudulent, the claim is ineligible under the terms of the incentive program as previously communicated to the franchisee, or for material noncompliance with reasonable and nondiscriminatory documentation and administrative claims submission requirements. A franchisor shall not disapprove a claim or chargeback a claim based upon an extrapolation from a sample of claims, unless the sample of claims is selected randomly and the extrapolation is performed in a reasonable and statistically valid manner.

(3) If the franchisor disapproves of a previously approved claim following an audit, the franchisor shall provide to the franchisee, within 30 days after the audit, a written disapproval notice stating the specific grounds upon which the claim is disapproved. The franchisor shall provide a reasonable appeal process allowing the franchisee a reasonable period of not less than 30 days after receipt of the written disapproval notice to respond to any disapproval with additional supporting documentation or information rebutting the disapproval and to cure any material noncompliance, with the period to be commensurate with the volume of claims under consideration. If the franchisee rebuts any disapproval and cures any material noncompliance relating to a claim before the applicable deadline, the franchisor shall not chargeback the franchisee for that claim.

(4) If the franchisee provides additional supporting documentation or information purporting to rebut the disapproval, attempts to cure noncompliance relating to the claim, or otherwise appeals denial of the claim, and the franchisor continues to deny the claim, the franchisor shall provide the franchisee with a written notification of the final denial within 30 days of completion of the appeal process, which shall conspicuously state “Final Denial” on the first page.

(5) The franchisor shall not chargeback the franchisee until 45 days after the franchisee receives the written notice described in paragraph (3) or (4), whichever is

later. If the franchisee cures any material noncompliance relating to a claim, the franchisor shall not chargeback the dealer for that claim. Any chargeback to a franchisee for incentive program compensation shall be made within 90 days after the franchisee receives that written notice. If the board sustains the chargeback or the protest is dismissed, the franchisor shall have 90 days following issuance of the final order or the dismissal to make the chargeback, unless otherwise provided in a settlement agreement.

(6) Within six months after either receipt of the written notice described in paragraph (3) or (4), a franchisee may file a protest with the board for determination of whether the franchisor complied with this subdivision. If the franchisee files a protest pursuant to this subdivision prior to the franchisor's chargeback for denied claims, the franchisor shall not offset or otherwise undertake to collect the chargeback until the board issues a final order on the protest. In any protest pursuant to this subdivision, the franchisor shall have the burden of proof.

(h) If a false claim was submitted by a franchisee with the intent to defraud the franchisor, a longer period for audit and any resulting chargeback may be permitted if the franchisor obtains an order from the board.

Duties Relating to Section 3065.1

1. Pursuant to Section 3065.1(a), if a protest challenging the initial disapproval of a franchisor incentive program claim is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065.1(a)-(d). This is a duty for the members of the Board.

2. Pursuant to Section 3065.1(d), if a protest challenging the final denial of a franchisor incentive program claim following the franchisor's appeal process is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065.1(a)-(d). This is a duty for the members of the Board.

3. Pursuant to Section 3065.1(g)(3), if a protest challenging franchisor incentive program claim disapproval of a previously approved claim following an audit is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065.1(g). This is a duty for the members of the Board.

4. Pursuant to Section 3065.1(g)(4), if a protest challenging the final denial of a franchisor incentive program claim following an audit following the franchisor's appeal process is filed with the Board, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065.1(g). This is a duty for the members of the Board.

5. Pursuant to Section 3065.1(h), the Board has a duty to receive filings relating to a request for an order in accordance with Section 3065.1(h). This is a duty which has been delegated to the staff of the Board.

6. Pursuant to Section 3065.1(h), the Board has the duty to review any request for an extension of time to conduct the franchisor incentive program audit. This duty is for the members of the Board.

7. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3065.3. Limitations on certain franchisor actions inconsistent with existing standards; Competition with dealer

(a) No franchisor shall establish or maintain a performance standard, sales objective, or program for measuring a dealer's sales, service, or customer service performance that is inconsistent with the standards set forth in subdivision (g) of Section 11713.13.

(b) No franchisor shall allocate vehicles or parts in a manner inconsistent with the standards set forth in subdivision (a) of Section 11713.3.

(c) No franchisor shall impose a facility or equipment policy inconsistent with the standards set forth in subdivision (a), (b), (c), or (k) of Section 11713.13.

(d) No franchisor shall compete with a dealer in violation of subdivision (o) of Section 11713.3.

(e) A franchisee may file a protest with the board for determination of whether a franchisor has complied with this section and in that proceeding the franchisor shall have the burden of proof.

Duties Relating to Section 3065.3

1. If a protest is filed pursuant to Section 3065.3, the Board has a duty to determine whether the franchisor complied with the requirements of Section 3065.3. This is a duty for the members of the Board.

2. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3065.4. Filing a protest with board for declaration of franchisee's retail labor rate or retail parts rate; Judicial review

(a) If a franchisor fails to comply with Section 3065.2, or if a franchisee disputes the franchisor's proposed adjusted retail labor rate or retail parts rate, the franchisee may file a protest with the board for a declaration of the franchisee's retail labor rate or retail parts rate. In any protest under this section, the franchisor shall have the burden of proof that it complied with Section 3065.2 and that the franchisee's determination of the retail labor rate or retail parts rate is materially inaccurate or fraudulent.

(b) Upon a decision by the board pursuant to subdivision (a), the board may determine the difference between the amount the franchisee has actually received from the franchisor for fulfilled warranty obligations and the amount that the franchisee would have received if the franchisor had compensated the franchisee at the retail labor rate and retail parts rate as determined in accordance with Section 3065.2 for a period beginning 30 days after receipt of the franchisee's initial submission under subdivision (a) of Section 3065.2. The franchisee may submit a request to the franchisor to calculate the unpaid warranty reimbursement compensation and the franchisor shall provide this calculation to the franchisee within 30 days after receipt of the request. The request for the calculation will also be deemed a request for payment of the unpaid warranty reimbursement compensation.

(c) If the franchisor fails to make full payment within 30 days after the franchisee submits a request for payment, the franchisee may file an action in superior court for injunctive and other appropriate relief to enforce the determination or order of the board. The franchisee may also recover in superior court its actual reasonable expenses in bringing and maintaining an enforcement action in superior court.

(d) Either the franchisor or the franchisee may seek judicial review of the board's determination pursuant to Section 3068

<u>Duties Relating to Section 3065.4</u>

1. A franchisee may file a protest pursuant to Section 3065.4(a) seeking a declaration of the franchisee's retail labor rate or retail parts rate. This is a duty for the members of the Board.

2. Pursuant to Section 3065.4(b), upon a decision by the Board pursuant to subdivision (a), the Board may determine the difference between the amount the franchisee has actually received from the franchisor for fulfilled warranty obligations and the amount that the franchisee would have received if the franchisor had compensated the franchisee at the retail labor rate and retail parts rate as determined in accordance with Section 3065.2 for a period beginning 30 days after receipt of the franchisee's initial submission under subdivision (a) of Section 3065.2. This is a duty for the members of the Board.

3. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

<u>Section 3066. Hearings on Protests</u>

(a) Upon receiving a protest pursuant to Section 3060, 3062, 3064, 3065, 3065.1, 3065.3, or 3065.4 the board shall fix a time within 60 days of the order, and place of hearing, and shall send by certified mail a copy of the order to the franchisor, the protesting franchisee, and all individuals and groups that have requested notification by the board of protests and decisions of the board. Except in a case involving a franchisee who deals exclusively in motorcycles, the board or its executive director may, upon a showing of good cause, accelerate or postpone the date initially established for a hearing, but the hearing shall not be rescheduled more than 90 days after the board's initial order. For the purpose of accelerating or postponing a hearing date, "good cause" includes, but is not limited to, the effects upon, and any irreparable harm to, the parties or interested persons or groups if the request for a change in hearing date is not granted. The board or an administrative law judge designated by the board shall hear and consider the oral and documented evidence introduced by the parties and other interested individuals and groups, and the board shall make its decision solely on the record so made. Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code and Sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517 of the Government Code apply to these proceedings.

(b) In a hearing on a protest filed pursuant to Section 3060 or 3062, the franchisor shall have the burden of proof to establish that there is good cause to modify, replace, terminate, or refuse to continue a franchise. The franchisee shall have the burden of proof to establish that there is good cause not to enter into a franchise establishing an additional motor vehicle dealership or relocating an existing motor vehicle dealership.

(c) Except as otherwise provided in this chapter, in a hearing on a protest alleging a violation of, or filed pursuant to, Section 3064, 3065, or 3065.1, the franchisee shall have the burden of proof, but the franchisor has the burden of proof to establish that a franchisee acted with intent to defraud the franchisor when the issue is material to a protest filed pursuant to Section 3065 or 3065.1.

(d) In a hearing on a protest filed pursuant to Section 3065.3, the franchisor shall have the burden of proof to establish that the franchisor complied with subdivision (g) of Section 11713.13.

(e) In a hearing on a protest filed pursuant to Section 3065.4, the franchisor shall have the burden of proof to establish that the franchisor complied with Section 3065.2 and that the franchisee’s determination of the retail labor rate or retail parts rate is materially inaccurate or fraudulent.

(f) A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, or advise other members upon, or decide, a matter involving a protest filed pursuant to this article unless all parties to the protest stipulate otherwise.

<u>Duties Relating to Section 3066</u>

1. Pursuant to Section 3066(a), the Board has a duty, upon receiving a protest pursuant to Sections 3060, 3062, 3064, 3065, 3065.1, 3065.3, or 3065.4, to fix a time within 60 days of the order, and place of hearing, and shall send by

certified mail a copy of the order to the franchisor, the protesting franchisee, and all individuals and groups that have requested notification by the Board of protests and decisions of the Board. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3066(a), the Board, upon a showing of good cause, has the right to accelerate or postpone the date initially established for a hearing, but in no event shall the hearing be rescheduled more than 90 days after the Board's initial order. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3066(a), except in any case involving a franchisee who deals exclusively in motorcycles, the Board or its Executive Director, upon a showing of good cause, has the right to accelerate or postpone the date initially established for a hearing, but the hearing shall not be rescheduled more than 90 days after the Board's initial order. This is a duty which has been delegated to the staff of the Board.

4. Pursuant to Section 3066(a), the Board or an administrative law judge of the Board has a duty to hear and consider the oral and documented evidence introduced by the parties and other interested individuals and groups in accordance with Government Code sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517. This is a duty which has been delegated to the staff of the Board.

5. Pursuant to Section 3066(a), the Board has the duty to make its decision solely on the record established at a hearing conducted in accordance with Government Code sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517. This is a duty of the members of the Board.

6. Pursuant to Section 3066(f), unless all parties to the protest stipulate otherwise, a new motor vehicle dealer member may not participate in, hear, comment, or advise other members upon, or decide, a matter involving a protest filed pursuant to Article 4. This is a duty of the dealer members of the Board. The staff of the Board is delegated with the duty of determining whether or not the parties to an Article 4 protest want to stipulate to allow dealer Board member participation.

<u>Section 3067. Decision</u>

(a) The decision of the board shall be in writing and shall contain findings of fact and a determination of the issues presented. The decision shall sustain, conditionally sustain, overrule, or conditionally overrule the protest. Conditions imposed by the board shall be for the purpose of assuring performance of binding contractual agreements between franchisees and franchisors or otherwise serving the purposes of this article. If the board fails to act within 30 days after the hearing, within 30 days after the board receives a proposed decision when the case is heard before an administrative law judge alone, or within a period necessitated by Section 11517 of the Government Code, or as may be mutually agreed upon by the parties, then the proposed action shall be deemed to be approved. Copies of the board's decision shall be delivered to the parties personally or sent to them by certified mail, as well as to all individuals and groups that have requested notification by the board of protests and decisions by the board. The board's decision shall be final upon its delivery or mailing and a reconsideration or rehearing is not permitted.

(b) Notwithstanding subdivision (c) of Section 11517 of the Government Code, if a protest is heard by an administrative law judge alone, 10 days after receipt by the board of the administrative law judge's proposed decision, a copy of the proposed decision shall be filed by the board as a public record and a copy shall be served by the board on each party and his or her attorney.

<u>Duties Relating to Section 3067</u>

1. Pursuant to Section 3067(a), the Board has a duty to provide its decisions in writing, with findings of facts and a determination of the issues presented. This is a duty for the members of the Board.

2. Pursuant to Section 3067(a), the Board has a duty to provide a conclusion in its decision that shall sustain, conditionally sustain, overrule, or conditionally overrule the protest. This is a duty for the members of the Board.

3. Pursuant to Section 3067(a), the Board has a duty to only provide conditions that are for the purpose of assuring performance of binding contractual agreements between franchisees and franchisors or otherwise serving the purposes of this article. This is a duty for the members of the Board.

4. Pursuant to Section 3067(a), the Board has a duty to act within 30 days after a hearing, within 30 days after the Board receives a proposed decision where the case is heard before an administrative law judge alone, or within such period as may be necessitated by Section 11517 of the Government Code or as may be mutually agreed upon by the parties. This is a duty for the members of the Board.

5. Pursuant to Section 3067(a), the Board has a duty to deliver copies of the decision to the parties personally or send it to them by certified mail, as well as to all individuals and groups that have requested notification by the Board of protests and decisions by the Board. This is a duty which has been delegated to the staff of the Board.

6. Pursuant to Section 3067(b), notwithstanding Government Code section 11517(c), if a protest is heard by an administrative law judge alone, 10 days after receipt by the Board of the administrative law judge's proposed

decision, a copy of the proposed decision shall be filed by the Board as a public record and a copy shall be served by the Board on each party and his or her attorney. This is a duty which has been delegated to the staff of the Board.

Section 3070. Termination of Franchise

(a) Notwithstanding Section 20999.1 of the Business and Professions Code or the terms of any franchise, a franchisor of a dealer of new recreational vehicles, as defined in subdivision (a) of Section 18010 of the Health and Safety Code, except a dealer who deals exclusively in truck campers, may not terminate or refuse to continue a franchise unless all of the following conditions are met:

(1) The franchisee and the board have received written notice from the franchisor as follows:

(A) Sixty days before the effective date thereof setting forth the specific grounds for termination or refusal to continue.

(B) Fifteen days before the effective date thereof setting forth the specific grounds with respect to any of the following:

(i) Transfer of any ownership or interest in the franchise without the consent of the franchisor, which consent may not be unreasonably withheld.

(ii) Misrepresentation by the franchisee in applying for the franchise.

(iii) Insolvency of the franchisee, or filing of any petition by or against the franchisee under any bankruptcy or receivership law.

(iv) Any unfair business practice after written warning thereof.

(v) Failure of the dealer to conduct its customary sales and service operations during its customary hours of business for seven consecutive business days, giving rise to a good faith belief on the part of the franchisor that the recreational vehicle dealer is in fact going out of business, except for circumstances beyond the direct control of the recreational vehicle dealer or by order of the department.

(C) The written notice shall contain, on the first page thereof in at least 12-point bold type and circumscribed by a line to segregate it from the rest of the text, one of the following statements, whichever is applicable:

(i) To be inserted when a 60-day notice of termination is given.

"NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days after receiving this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived."

(ii) To be inserted when a 15-day notice of termination is given.

"NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 10 calendar days after receiving this notice or within 10 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived."

(2) Except as provided in Section 3050.7, the board finds that there is good cause for termination or refusal to continue, following a hearing called pursuant to Section 3080. The franchisee may file a protest with the board within 30 days after receiving a 60-day notice, satisfying the requirements of this section, or within 30 days after the end of any appeal procedure provided by the franchisor, or within 10 days after receiving a 15-day notice, satisfying the requirements of this section, or within 10 days after the end of any appeal procedure provided by the franchisor. When a protest is filed, the board shall advise the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3080, and that the franchisor may not terminate or refuse to continue until the board makes its findings.

(3) The franchisor has received the written consent of the franchisee, or the appropriate period for filing a protest has elapsed.

(b)(1) Notwithstanding Section 20999.1 of the Business and Professions code or the terms of any franchise, a franchisor of a dealer of recreational vehicles may not modify or replace a franchise with a succeeding franchise if the modification or replacement would substantially affect the franchisee's sales or service obligations or investment, unless the franchisor has first given the board and each affected franchisee written notice thereof at least 60 days in advance of the modification or replacement. Within 30 days of receipt of a notice satisfying the requirements of this section, or within 30 days after the end of any appeal procedure provided by the franchisor, a franchisee may file a protest with the board and the modification or replacement does not become effective until there is a finding by the board that there is good cause for the modification or replacement. If, however, a replacement franchise is the successor franchise to an expiring or expired term franchise, the prior franchise shall continue in effect until resolution of the protest by the board. In the event of multiple protests, hearings shall be consolidated to expedite the disposition of the issue.

(2) The written notice shall contain, on the first page thereof in at least 12-point bold type and circumscribed by a line to segregate it from the rest of the text, the following statement:

"NOTICE TO DEALER: Your franchise agreement is being modified or replaced. If the modification or replacement will substantially affect your sales or service obligations or investment, you have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the proposed modification or replacement of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days of your receipt of this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest rights will be waived."

<u>Duties Relating to Section 3070</u>

1. Pursuant to Section 3070(a)(1) and (b)(1), the Board has a duty to receive written notice from the franchisor in accordance with Section 3070. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3070(a)(2), the Board has a duty to advise the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3080, and that the franchisor may not terminate or refuse to continue until the Board makes its findings. This is a duty which has been delegated to the staff of the Board.

Section 3071. Good Cause

In determining whether good cause has been established for modifying, replacing, terminating, or refusing to continue a franchise of a dealer of new recreational vehicles, the board shall take into consideration the existing circumstances, including, but not limited to, all of the following:

(a) The amount of business transacted by the franchisee, as compared to the business available to the franchisee.

(b) The investment necessarily made and obligations incurred by the franchisee to perform its part of the franchise.

(c) The permanency of the investment.

(d) Whether it is injurious or beneficial to the public welfare for the franchise to be modified or replaced or the business of the franchisee disrupted.

(e) Whether the franchisee has adequate new recreational vehicle sales and, if required by the franchise, service facilities, equipment, vehicle parts, and qualified service personnel, to reasonably provide for the needs of the consumers of the recreational vehicles handled by the franchisee and has been and is rendering adequate services to the public.

(f) Whether the franchisee fails to fulfill the warranty obligations agreed to be performed by the franchisee in the franchise.

(g) The extent of franchisee's failure to comply with the terms of the franchise.

Duties Relating to Section 3071

1. Pursuant to Section 3071, the Board has a duty, in determining whether good cause has been established for modifying, replacing, terminating, or refusing to continue a franchise, to take into consideration the existing circumstances, including, but not limited to, all of the following subsections delineated in Section 3071 (a) through (g). The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3072. Establishing or Relocating Recreational Vehicle Dealerships

(a)(1) Except as otherwise provided in subdivision (b), if a franchisor seeks to enter into a franchise establishing an additional recreational vehicle dealership, or seeks to relocate an existing recreational vehicle dealership, that has a relevant market area in which the same recreational vehicle line-make is represented, the franchisor shall, in writing, first notify the board and each franchisee in that recreational vehicle line-make in the relevant market area of the franchisor's intention to establish an additional dealership or to relocate an existing dealership. Within 20 days of receiving the notice, satisfying the requirements of this section, or within 20 days after the end of any appeal procedure provided by the franchisor, any franchisee required to be given the notice may file with the board a protest to the proposed dealership establishment or relocation described in the franchisor's notice. If, within this time, a franchisee files with the board a request for additional time to file a protest, the board or its executive director, upon a showing of good cause, may grant an additional 10 days to file the protest. When a protest is filed, the board shall inform the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3080, and that the franchisor shall not establish the proposed dealership or relocate the existing dealership until the board has held a hearing as provided in Section 3080, nor thereafter, if the board has determined that there is good cause for not permitting the establishment of the proposed recreational vehicle dealership or relocation of the existing recreational vehicle dealership. In the event of multiple protests, hearings may be consolidated to expedite the disposition of the issue.

(2) The written notice shall contain, on the first page thereof in at least 12-point bold type and circumscribed by a line to segregate it from the rest of the text, the following statement:

"NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing on your protest under the terms of the California Vehicle Code if you oppose this action. You must file your protest with the board within 20 days of your receipt of this notice, or within 20 days after the end of any appeal procedure that is provided by us to you. If, within this time, you file with the board a request for additional time to file a protest, the board or its executive director, upon a showing of good cause, may grant you an additional 10 days to file the protest."

(b) Subdivision (a) does not apply to any of the following:

(1) The relocation of an existing dealership to any location that is both within the same city as, and within one mile of, the existing dealership location.

(2) The establishment at any location that is both within the same city as, and within one-quarter mile of, the location of a dealership of the same recreational vehicle line-make that has been out of operation for less than 90 days.

(3) A display of vehicles at a fair, exposition, or similar exhibit if no actual sales are made at the event and the display does not exceed 30 days. This paragraph may not be construed to prohibit a new vehicle dealer from establishing a branch office for the purpose of selling vehicles at the fair, exposition, or similar exhibit, even though that event is sponsored by a financial institution, as defined in Section 31041 of the Financial Code, or by a financial institution and a licensed dealer. The establishment of these branch offices, however, shall be in accordance with subdivision (a) where applicable.

(4) An annual show sponsored by a national trade association of recreational vehicle manufacturers that complies with all of the requirements of subdivision (d) of Section 11713.15.

(c) For the purposes of this section, the reopening of a dealership that has not been in operation for one year or more shall be deemed the establishment of an additional recreational vehicle dealership.

(d) For the purposes of this section and Section 3073, a “recreational vehicle dealership" or "dealership" is any authorized facility at which a franchisee offers for sale or lease, displays for sale or lease, or sells or leases new recreational vehicles, as defined in subdivision (a) of Section 18010 of the Health and Safety Code. A “recreational vehicle dealership" or "dealership" does not include a dealer who deals exclusively in truck campers.

Duties Relating to Section 3072

1. Pursuant to Section 3072(a)(1), the Board has a duty to receive written notice from the franchisor in accordance with Section 3072(a)(1). This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3072(a)(1), the Board or the Executive Director has the right to grant an additional 10 days to file a protest, upon receipt of a request for additional time, and upon a showing of good cause. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3072(a)(1), the Board has the duty to inform the franchisor that a timely protest has been filed, that a hearing is required pursuant to Section 3080, and that the franchisor may not establish or relocate the proposed dealership until the Board has held a hearing as provided in Section 3080, nor thereafter, if the Board has determined that there is good cause for not permitting the establishment of the proposed recreational vehicle dealership or relocation of the existing recreational vehicle dealership. This is a duty which has been delegated to the staff of the Board.

Section 3073. Good Cause

In determining whether good cause has been established for not entering into a recreational vehicle franchise or relocating an existing dealership of the same recreational vehicle line-make, the board shall take into consideration the existing circumstances, including, but not limited to, all of the following:

(a) The permanency of the investment.

(b) The effect on the retail recreational vehicle business and the consuming public in the relevant market area.

(c) Whether it is injurious to the public welfare for an additional recreational vehicle franchise to be established or an existing dealership be relocated.

(d) Whether the franchisees of the same recreational vehicle line-make in the relevant market area are providing adequate competition and convenient consumer care for the motor vehicles of the recreational vehicle line-make in the market area. In making this determination, the board shall consider the adequacy of recreational vehicle sales and, if required by the franchise, service facilities, equipment, supply of vehicle parts, and qualified service personnel.

(e) Whether the establishment of an additional franchise would increase competition and therefore be in the public interest.

Duties Relating to Section 3073

1. Pursuant to Section 3073, the Board has the duty, in determining whether good cause has been established for not entering into a recreational vehicle franchise or relocating an existing dealership of the same recreational vehicle line-make, to take into consideration the existing circumstances, including, but not limited to, all of the following subsections delineated in Section 3073 (a) through (e). The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3074. Delivery and Preparation Obligations

(a) A franchisor shall specify to its franchisees the delivery and preparation obligations of the franchisees prior to delivery of new recreational vehicles to retail buyers. A copy of the delivery and preparation obligations, which shall constitute the franchisee's only responsibility for product liability between the franchisee and the franchisor but which shall not in any way affect the franchisee's responsibility for product liability between the purchaser and either the franchisee or the franchisor, and a schedule of compensation to be paid franchisees for the work and services they shall be required to perform in connection with the delivery and preparation obligations shall be filed with the board by franchisors, and shall constitute the compensation as set forth on the schedule. The schedule of compensation shall be reasonable, with the reasonableness thereof being subject to the approval of the board, if a franchisee files a notice of protest with the board. In determining the reasonableness of the schedules, the board shall consider all relevant circumstances, including, but not limited to, the time required to perform each function that the dealer is obligated to perform and the appropriate labor rate.

(b) Upon delivery of the vehicle, the franchisee shall give a copy of the delivery and preparation obligations to the purchaser and a written certification that the franchisee has fulfilled these obligations.

Duties Relating to Section 3074

1. Pursuant to Section 3074(a), the Board has a duty to receive a copy of the delivery and preparation obligations, and a schedule of compensation to be paid franchisees for the work and services they shall be required to perform in connection with the delivery and preparation obligations. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3074(a), if a franchisee files a notice of protest with the Board, the Board has a duty to determine the reasonableness of the schedule of compensation. This is a duty of the members of the Board.

3. Pursuant to Section 3074(a), in determining the above-referenced reasonableness of the schedules, the Board has a duty to consider all relevant circumstances, including, but not limited to, the time required to perform each function that the dealer is obligated to perform and the appropriate labor rate. This is a duty of the members of the Board.

4. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3075. Warranty Reimbursement

(a) A franchisor shall properly fulfill every warranty agreement made by it and adequately and fairly compensate each of its franchisees for labor and parts used to fulfill that warranty when the franchisee has fulfilled warranty obligations of repair and servicing and shall file a copy of its warranty reimbursement schedule or formula with the board. The warranty reimbursement schedule or formula shall be reasonable with respect to the time and compensation allowed the franchisee for the warranty work and all other conditions of the obligation. The reasonableness of the warranty reimbursement schedule or formula shall be determined by the board if a franchisee files a notice of protest with the board.

(b) In determining the adequacy and fairness of the compensation, the franchisee's effective labor rate charged to its various retail customers may be considered together with other relevant criteria.

(c) If a franchisor disallows a franchisee's claim for a defective part, alleging that the part, in fact, is not defective, the franchisor shall return the part alleged not to be defective to the franchisee at the expense of the franchisor, or the franchisee shall be reimbursed for the franchisee's cost of the part, at the franchisor's option.

(d) All claims made by franchisees pursuant to this section shall be either approved or disapproved within 30 days after their receipt by the franchisor. A claim not specifically disapproved in writing within 30 days from receipt by the franchisor shall be deemed approved on the 30th day. When a claim is disapproved, the franchisee who submits it shall be notified in writing of its disapproval within the required period, and the notice shall state the specific grounds upon which the disapproval is based. All claims made by franchisees under this section and Section 3074 for labor and parts shall be paid within 30 days following approval. Failure to approve or pay within the above specified time limits, in individual instances for reasons beyond the reasonable control of the franchisor, do not constitute a violation of this article.

(e) Audits of franchisee warranty records may be conducted by the franchisor on a reasonable basis, and for a period of 12 months after a claim is paid or credit issued. Franchisee claims for warranty compensation shall not be disapproved except for good cause, including, but not limited to, performance of nonwarranty repairs, lack of material documentation, or fraud. Any chargeback to a franchisee for warranty parts or service compensation shall be made within 90 days of the completion of the audit. If a false claim was submitted by a franchisee with intent to defraud the franchisor, a longer period for audit and any resulting chargeback may be permitted if the franchisor obtains an order from the board.

Duties Relating to Section 3075

1. Pursuant to Section 3075(a), the Board has a duty to receive a copy of a franchisor's warranty reimbursement schedule or formula. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3075(a), if a notice of protest is filed with the Board, the Board has a duty to determine the reasonableness of the warranty reimbursement schedule or formula. This is a duty for the members of the Board.

3. Pursuant to Section 3075(e), the Board has a duty to receive filings relating to a request for an order in accordance with Section 3075(e). This is a duty which has been delegated to the staff of the Board.

4. Pursuant to Section 3075(e), the Board has the duty to review any request for an extension of time to conduct the warranty audit. This duty is for the members of the Board.

5. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3076. Franchisor Incentive Program

(a) All claims made by a franchisee for payment under the terms of a franchisor incentive program shall be either approved or disapproved within 30 days after receipt by the franchisor. When a claim is disapproved, the franchisee who submits it shall be notified in writing of its disapproval within the required period, and each notice shall state the specific grounds upon which the disapproval is based. A claim not specifically disapproved in writing within 30 days from receipt shall be deemed approved on the 30th day. Following the disapproval of a claim, a franchisee shall have one year from receipt of the notice of disapproval in which to appeal the disapproval to the franchisor and file a protest with the board. All claims made by franchisees under this section shall be paid within 30 days following approval. Failure to approve or pay within the above specified time limits, in individual instances for reasons beyond the reasonable control of the franchisor, do not constitute a violation of this article.

(b) Audits of franchisee incentive records may be conducted by the franchisor on a reasonable basis, and for a period of 18 months after a claim is paid or credit issued. Franchisee claims for incentive program compensation shall not be disapproved except for good cause, such as ineligibility under the terms of the incentive program, lack of material documentation, or fraud. Any chargeback to a franchisee for incentive program compensation shall be made within 90 days of the completion of the audit. If a false claim was submitted by a franchisee with the intent to defraud the franchisor, a longer period for audit and any resulting chargeback may be permitted if the franchisor obtains an order from the board.

Duties Relating to Section 3076

1. Pursuant to Section 3076(a), the Board has a duty to receive a protest relating to a disapproval of a claim in accordance with Section 3076(a). This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3076(b), the Board has a duty to receive filings relating to a request for an order in accordance with Section 3076(b). This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3076(b), the Board has the duty to review any request for an extension of time to conduct the franchisor incentive program audit. This duty is for the members of the Board.

4. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision. The members of the Board have the duty to render the final decision on the merits of the protest.

Section 3078. Consumer Complaints: Referral to Department of Consumer Affairs

(a) If the board receives a complaint from a member of the public seeking a refund involving the sale or lease of, or a replacement of, a recreational vehicle, as defined in subdivision (a) of Section 18010 of the Health and Safety Code, from a recreational vehicle dealership, as defined in subdivision (d) of Section 3072, the board shall recommend that the complainant consult with the Department of Consumer Affairs.

(b) This chapter does not affect a person's rights regarding a transaction involving a recreational vehicle as defined in subdivision (a), to maintain an action under any other statute, including, but not limited to, applicable provisions of Title 1.7 (commencing with Section 1790) of Part 4 of Division 3 of the Civil Code.

Duties Relating to Section 3078

1. Pursuant to Section 3078(a), if the Board receives a complaint from a

member of the public seeking a refund involving the sale or lease of, or a replacement of, a recreational vehicle, as defined, from a motor vehicle dealership as defined in Section 3072(d), the Board has a duty to recommend that the complainant consult with the Department of Consumer Affairs. This is a duty which has been delegated to the staff of the Board.

Section 3080. Recreational Vehicle Hearings on Protests

(a) Upon receiving a protest pursuant to Section 3070, 3072, 3074, 3075, or 3076, the board shall fix a time and place of hearing within 60 days of the order, and shall send by certified mail a copy of the order to the franchisor, the protesting franchisee, and all individuals and groups that have requested notification by the board of protests and decisions of the board. The board or its executive director may, upon a showing of good cause, accelerate or postpone the date initially established for a hearing, but the hearing shall not be rescheduled more than 90 days after the board's initial order. For the purpose of accelerating or postponing a hearing date, "good cause" includes, but is not limited to, the effects upon, and any irreparable harm to, the parties or interested persons or groups if the request for a change in hearing date is not granted. The board or an administrative law judge designated by the board shall hear and consider the oral and documented evidence introduced by the parties and other interested individuals and groups, and the board shall make its decision solely on the record so made. Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code and Sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517 of the Government Code apply to these proceedings.

(b) In a hearing on a protest filed pursuant to Section 3070 or 3072, the franchisor shall have the burden of proof to establish that there is good cause to modify, replace, terminate, or refuse to continue a franchise. The franchisee shall have the burden of proof to establish that there is good cause not to enter into a franchise establishing an additional recreational vehicle dealership or relocating an existing recreational vehicle dealership.

(c) Except as otherwise provided in this chapter, in a hearing on a protest alleging a violation of, or filed pursuant to, Section 3074, 3075, or 3076, the franchisee shall have the burden of proof, but the franchisor has the burden of proof to establish that a franchisee acted with intent to defraud the franchisor when that issue is material to a protest filed pursuant to Section 3075 or 3076.

Duties Relating to Section 3080

1. Pursuant to Section 3080(a), the Board has a duty, upon receiving a protest pursuant to Sections 3070, 3072, 3074, 3075, or 3076, to fix a time and place of hearing within 60 days of the order, and shall send by certified mail a copy of the order to the franchisor, the protesting franchisee, and all individuals and groups that have requested notification by the Board of protests and decisions of the Board. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3080(a), the Board, upon a showing of good cause, has the right to accelerate or postpone the date initially established for a hearing, but in no event shall the hearing be rescheduled more than 90 days after the Board's initial order. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3080(a), the Board or its Executive Director, upon a showing of good cause, has the right to accelerate or postpone the date initially established for a hearing, but the hearing shall not be rescheduled more than 90 days after the Board's initial order. This is a duty which has been delegated to the staff of the Board.

4. Pursuant to Section 3080(a), the Board or an administrative law judge of the Board has a duty to hear and consider the oral and documented evidence introduced by the parties and other interested individuals and groups in accordance with Government Code sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517. This is a duty which has been delegated to the staff of the Board.

5. Pursuant to Section 3080(a), the Board has the duty to make its decision solely on the record established at a hearing conducted in accordance with Government Code sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517. This is a duty of the members of the Board.

Section 3081. Recreational Vehicle Decisions

(a) The decision of the board shall be in writing and shall contain findings of fact and a determination of the issues presented. The decision shall sustain, conditionally sustain, overrule, or conditionally overrule the protest. Conditions imposed by the board shall be for the purpose of assuring performance of binding contractual agreements between franchisees and franchisors or otherwise serving the purposes of this article. If the board fails to act within 30 days after the hearing, within 30 days after the board receives a proposed decision when the case is heard before an administrative law judge alone, or within a period necessitated by Section 11517 of the Government Code, or as may be mutually agreed upon by the parties, then the proposed action shall be deemed to be approved. Copies of the board’s decision shall be delivered to the parties personally or sent to them by certified mail, as well as to all individuals and groups that have requested notification by the board of protests and decisions by the board. The board’s decision shall be final upon its delivery or mailing and a reconsideration or rehearing is not permitted.

(b) Notwithstanding subdivision (c) of Section 11517 of the Government Code, if a protest is heard by an administrative law judge alone, 10 days after receipt by the board of the administrative law judge’s proposed decision, a copy of the proposed decision shall be filed by the board as a public record and a copy shall be served by the board on each party and his or her attorney.

Duties Relating to Section 3081

1. Pursuant to Section 3081(a), the Board has a duty to provide its decisions in writing, with findings of facts and a determination of the issues presented. This is a duty for the members of the Board.

2. Pursuant to Section 3081(a), the Board has a duty to provide a conclusion in its decision that shall sustain, conditionally sustain, overrule, or conditionally overrule the protest. This is a duty for the members of the Board.

3. Pursuant to Section 3081(a), the Board has a duty to only provide conditions that are for the purpose of assuring performance of binding contractual agreements between franchisees and franchisors or otherwise serving the purposes of this article. This is a duty for the members of the Board.

4. Pursuant to Section 3081(a), the Board has a duty to act within 30 days after a hearing, within 30 days after the Board receives a proposed decision where the case is heard before an administrative law judge alone, or within such period as may be necessitated by Section 11517 of the Government Code or as may be mutually agreed upon by the parties. This is a duty for the members of the Board.

5. Pursuant to Section 3081(a), the Board has a duty to deliver copies of the decision to the parties personally or send it to them by certified mail, as well as to all individuals and groups that have requested notification by the Board of protests and decisions by the Board. This is a duty which has been delegated to the staff of the Board.

6. Pursuant to Section 3081(b), notwithstanding Government Code section 11517(c), if a protest is heard by an administrative law judge alone, 10 days after receipt by the Board of the administrative law judge's proposed decision, a copy of the proposed decision shall be filed by the Board as a public record and a copy shall be served by the Board on each party and his or her attorney. This is a duty which has been delegated to the staff of the Board.

Section 3085. Protest of Export or Sale-for-Resale Prohibition Policy

(a) An association may bring a protest challenging the legality of an export or sale-for-resale prohibition policy of a manufacturer, manufacturer branch, distributor, or distributor branch at any time on behalf of two or more dealers subject to the challenged policy pursuant to subdivision (y) of Section 11713.3.

(b) For the purpose of this article, an association is an organization primarily owned by, or comprised of, new motor vehicle dealers and that primarily represents the interests of dealers.

(c) Relief for a protest pursuant to this section is limited to a declaration that an export or sale-for-resale prohibition policy of a manufacturer, manufacturer branch, distributor, or distributor branch violates the prohibitions of subdivision (y) of Section 11713.3. No monetary relief may be sought on behalf of the association or any dealers represented by the association.

(d) In a protest pursuant to this section, the association shall have the burden of proof to show that the challenged export or sale-for-resale prohibition policy violates subdivision (y) of Section 11713.3.

Duties Relating to Section 3085

1. Pursuant to Section 3085(a), if a protest is filed with the Board, the Board has a duty to make sure it is filed by an association as defined on behalf of two or more dealers subject to the challenged export or sale-for-resale prohibition policy. This is a duty which has been delegated to the staff of the Board. The staff is responsible for the administration of protests filed under this section, including the proceedings up to and including the evidentiary hearing and preparation of the proposed decision.

2. Pursuant to Section 3085(c), the Board has a duty to limit the relief awarded to protestant to a declaration that an export or sale-for-resale prohibition policy violates subdivision (y) of Section 11713.3. The Board is not authorized to award monetary relief. The members of the Board have the duty to render the final decision on the merits of the protest that does not exceed these limits.

Section 3085.2. Hearings on Protest

(a) Upon receiving a protest pursuant to Section 3085, the board shall fix a time and place of hearing within 60 days, and shall send by certified mail a copy of the order to the manufacturer, manufacturer branch, distributor, distributor branch, the protesting association, and all individuals and groups that have requested notification by the board of protests and decisions of the board. The board or an administrative law judge designated by the board shall hear and consider the oral and documented evidence introduced by the parties and other interested individuals and groups, and the board shall make its decision solely on the record so made. Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code and Sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517 of the Government Code apply to these proceedings.

(b) In a hearing on a protest filed pursuant to Section 3085, the association shall have the burden of proof to establish a violation of the applicable section by the subject manufacturer, manufacturer branch, distributor, or distributor branch.

(c) A member of the board who is a new motor vehicle dealer may not participate in, hear, comment, or advise other members upon, or decide, a matter involving a protest filed pursuant to this article unless all parties to the protest stipulate otherwise.

Duties Relating to Section 3085.2

1. Pursuant to Section 3085.2(a), the Board has a duty, upon receiving a protest pursuant to Section 3085 to fix a time and place of hearing within 60 days, and shall send by certified mail a copy of the order to the manufacturer or distributor, the protesting association, and all individuals and groups that have requested notification by the Board of protests and decisions of the Board. This is a duty which has been delegated to the staff of the Board.

2. Pursuant to Section 3085.2(b), the Board or an administrative law judge of the Board has a duty to hear and consider the oral and documented evidence introduced by the parties and other interested individuals and groups in accordance with Government Code sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517. This is a duty which has been delegated to the staff of the Board.

3. Pursuant to Section 3085.2(b), the Board has the duty to make its decision solely on the record established at a hearing conducted in accordance with Government Code sections 11507.3, 11507.6, 11507.7, 11511, 11511.5, 11513, 11514, 11515, and 11517. This is a duty of the members of the Board.

4. Pursuant to Section 3085.2(d), unless all parties to the protest stipulate otherwise, a new motor vehicle dealer member may not participate in, hear, comment, or advise other members upon, or decide, a matter involving a protest filed pursuant to Article 6. This is a duty of the dealer members of the Board. The staff of the Board is delegated with the duty of determining whether or not the parties to an Article 6 protest want to stipulate to allow dealer Board member participation.

Section 3085.4. Decision

(a) The decision of the board shall be in writing and shall contain findings of fact and a determination of the issues presented. The decision shall sustain, conditionally sustain, overrule, or conditionally overrule the protest. Conditions imposed by the board shall be for the purpose of assuring performance of binding contractual agreements between franchisees and franchisors or otherwise serving the purposes of this article. The board shall act within 30 days after the hearing, within 30 days after the board receives a proposed decision when the case is heard before an administrative law judge alone, or within a period necessitated by Section 11517 of the Government Code, or as may be mutually agreed upon by the parties. Copies of the board’s decision shall be delivered to the parties personally or sent to them by certified mail, as well as to all individuals and groups that have requested notification by the board of protests and decisions by the board. The board’s decision shall be final upon its delivery or mailing and a reconsideration or rehearing is not permitted.

(b) Notwithstanding subdivision (c) of Section 11517 of the Government Code, if a protest is heard by an administrative law judge alone, 10 days after receipt by the board of the administrative law judge's proposed decision, a copy of the proposed decision shall be filed by the board as a public record and a copy shall be served by the board on each party and his or her attorney.

Duties Relating to Section 3085.4

1. Pursuant to Section 3085.4(a), the Board has a duty to provide its decisions in writing, with findings of facts and a determination of the issues presented. This is a duty for the members of the Board.

2. Pursuant to Section 3085.4(a), the Board has a duty to provide a conclusion in its decision that shall sustain, conditionally sustain, overrule, or conditionally overrule the protest. This is a duty for the members of the Board.

3. Pursuant to Section 3085.4(a), the Board has a duty to only provide conditions that are for the purpose of assuring performance of binding contractual agreements between franchisees and franchisors or otherwise serving the purposes of this article. This is a duty for the members of the Board.

4. Pursuant to Section 3085.4(a), the Board has a duty to act within 30 days after a hearing, within 30 days after the Board receives a proposed decision where the case is heard before an administrative law judge alone, or within such period as may be necessitated by Section 11517 of the Government Code or as may be mutually agreed upon by the parties. This is a duty for the members of the Board.

5. Pursuant to Section 3085.4(a), the Board has a duty to deliver copies of the decision to the parties personally or send it to them by certified mail, as well as to all individuals and groups that have requested notification by the Board of protests and decisions by the Board. This is a duty which has been delegated to the staff of the Board.

6. Pursuant to Section 3085.4(b), notwithstanding Government Code section 11517(c), if a protest is heard by an administrative law judge alone, 10 days after receipt by the Board of the administrative law judge's proposed decision, a copy of the proposed decision shall be filed by the Board as a public record and a copy shall be served by the Board on each party and his or her attorney. This is a duty which has been delegated to the staff of the Board.

B. <u>Delegation of Administrative Duties</u>. The following is a list of the non-statutory or administrative duties of the Board and staff, with an indication as to individual or entity to whom these duties have been delegated.

1. <u>Personnel.</u>

a. The members of the Board have the duty to recruit, interview, and hire for the positions of Executive Director as well as the General Counsel and Administrative Law Judges.

b. The Executive Director has been delegated with the responsibility of recruiting, interviewing, and hiring all individuals associated with the legal operations of the Board.

c. The Assistant Director and Equity Officer has been delegated with the responsibility of recruiting, interviewing, and hiring all individuals associated with the clerical operations of the Board. Any candidate selected by the Assistant Director and Equity Officer shall be approved by the Executive Director prior to processing the hiring documents.

d. Any hiring done by the staff of the Board in accordance with the procedures as set forth above shall be reported to the Board at the next General Meeting of the Board which ensues such hiring.

e. Recruitment and hiring practices should be designed and implemented with the goal of filling at least 44% of Board public contact positions with bilingual employees who have passed the Department of Motor Vehicles' Bilingual Verbal Proficiency Examination. (September 21, 2023)

2. <u>Procurement.</u>

Subject to the limitations set forth below, the Executive Director has been delegated with the responsibility of procuring all necessary equipment, supplies, and services which are deemed necessary to administer the responsibilities of the Board.

a. <u>Limitations on procurement authority</u>.

The Executive Director is delegated the authority to procure of any necessary equipment, supplies, and services up to the amount budgeted in a line item of the Board's approved budget. If, due to extenuating circumstances, the necessary expenditure exceeds the amount budgeted, the Executive Director shall contact the members of the Fiscal Committee by telephone and discuss this matter. The

Committee may authorize the procurement which may then be ratified by the full Board at its next regularly scheduled meeting.

3. <u>Budget Change Proposals.</u>

All budget change proposals shall be submitted with the concurrence of the Fiscal Committee, and ultimately considered by the full Board at is next regularly scheduled meeting.

4. <u>Formal Board Delegations at Noticed Meetings.</u>[3]

a. <u>Amicus Curiae Briefs.</u>

The Board will not file any amicus briefs without the consent of Business, Transportation & Housing Agency[4] ("Agency") and approval of the Governor's Office of Legal Affairs. As a prerequisite to requesting the consent of Agency, the Board must (a) discuss and approve the consent request at a noticed public meeting, or (b) in the case where time constraints do not permit the foregoing the President may authorize the request for consent. In any instance when the President authorizes the request, a notice shall be immediately sent to Board members. If any member seeks immediate review of this action, the member may request that the President call a special meeting of the Board to discuss the matter. If there is no such immediate review requested, the matter will be included in the agenda of the next regularly scheduled Board meeting. If the Board determines that it does not want to file the amicus brief, the request for consent will be withdrawn.
(July 12, 1996 - Business, Transportation & Housing Agency Audit Recommendation 4)

b. <u>Assignment of Merits Hearings to Office of Administrative Hearings.</u>

Effective February 28, 2025, all merits hearings in new protests and existing protests will be assigned to the Office of Administrative Hearings or OAH~~. The Board's retired annuitant ALJs will be retained on the Alternative MSC Assignment Log and the Alternative Law and Motion Assignment Log.~~ <u>The Board's retired annuitant merits ALJs were separated from service in 2025.</u>

[3] The Board Meeting(s) in which the delegation occurred is noted in parenthesis after the formal delegation.
[4] Business, Transportation & Housing Agency was superseded by the California State Transportation Agency on July 1, 2013.

c. Audit Compliance Officer.

The Board has designated the General Counsel[5] to service as its Audit Compliance Officer to ensure compliance with all facets of the 1996 Agency Performance Audit. This includes the Corrective Action Plan Committee's proposal which was adopted by the Board at its December 8, 1998, General meeting, and the Audit Review Committee's recommendations concerning restructuring the senior management positions which were adopted at the May 25, 2000, General meeting. An annual report shall be provided to the Board each June updating the Board's compliance. This report was subsequently made an exception report.
(July 12, 1996; December 8, 1998; May 25, 2000; November 20, 2008; and May 26, 2011)

d. Bagley-Keene Open Meeting Act Compliance Officer.

The General Counsel[6] is the Bagley-Keene Open Meeting Act Compliance Officer.
(July 12, 1996; May 25, 2000)

e. Bagley-Keene Opening Meeting Act: Closed Meeting Minutes.

The Bagley-Keene Open Meeting Act requires that all state bodies designate a clerk or other officer or employee of the state body, who shall then attend each closed session of the state body and keep and enter in a minute book a record of topics discussed and decisions made at the meeting. In order to ensure compliance, the General Counsel[7] is responsible for maintaining the closed meeting minutes in accordance with the Bagley-Keene Open Meeting Act.
(July 12, 1996; May 25, 2000)

f. Board Policy Review

The Committee on Equity, Justice, and Inclusion will review all new and revised policies prior to Board action in order to further institutionalize equity within Board programs.
(September 21, 2023; November 1, 2024)

[5] Robin Parker, Chief Counsel, is performing all of the duties previously assigned to the Board's General Counsel including but not limited to the Audit Compliance Officer, the Bagley-Keene Compliance Officer, and maintaining the closed meeting minutes in accordance with the Bagley-Keene Open Meeting Act.
[6] See footnote 4
[7] See footnote 4

g. Decision Cover Sheet.

The presiding Administrative Law Judge shall prepare a decision cover sheet/analysis which is provided to the Board members with their meeting materials when a proposed decision or ruling (order) is agendized. The decision cover sheet should be limited to two pages and not contain a recommendation.
(December 8, 1998; May 25, 2000)

h. Court Participation on Issues of Interest to the Board.

The Board, as a general rule, should not substantively participate in mandamus actions in which a Board decision is challenged. When the Board renders a final decision which is challenged by way of a petition for writ of administrative mandamus, and an important State interest is not raised in the mandamus proceeding, then the Board shall notify the parties to the proceeding of the Board's policy not to appear in the mandamus action, and request that the parties so notify the court and keep it on the proof of service list. As such, unless the court specifically requests otherwise, the Board would not file any pleadings in the court action, which would obviate the necessity of involvement by the office of the Attorney General.

However, in mandamus actions in which an important State issue is raised, the Board would have the option to participate by the filing of pleadings opposing the petition and by presenting oral arguments on only those limited issues affecting the State interest. In such situations, prior to Board participation, the matter would be presented to the full Board for review at a regularly scheduled meeting of the Board. In the absence of sufficient time for consideration at a noticed Board meeting, the President, or a Board member designated by the President, can authorize the filing of appropriate pleadings in opposition to the petition and/or the presentation of oral arguments. When this occurs, a copy of the petition and supporting documents would be mailed to each Board member with an indication that the President, or his or her designee, has authorized Board participation. Any Board member who objects to Board participation would then immediately so notify staff and the matter would be scheduled for discussion at either the next general meeting of the Board or, if three public members request, then at a special meeting of the Board. Any appearance by the Board would be made by the office of the Attorney General or, with the consent of the Attorney General, by the Board's own counsel.
(October 22, 1996, February 12, 1997; March 18, 1997 - Business, Transportation & Housing Agency Audit Recommendation 5)

i. Document Requests – Waiver of Fees.

The Board will charge fees for document requests that are consistent with Evidence Code section 1563, and all fees for document requests that total $10.00 or less (less than 40 pages and less than 15 minutes of actual labor) will be waived by the Board, subject to review and approval by the Executive Director.
(October 22, 1996; September 6, 2001; December 13, 2006)

j. Legislative Policy

If there is insufficient time for Legislative Committee approval, the Board delegated to the Executive Director the power to approve legislative analyses pertaining to Legislation of Special Interest that are submitted to California State Transportation Agency and the Department of Motor Vehicles. The Legislative Committee delegates to the Executive Director the ability to discuss pending Legislation of Special Interest with stakeholders or sponsors regarding technical input without prior committee approval.
(June 7, 2019)

k. Liaison Information Security Officer.

The Executive Director is the Liaison Information Security Officer and responsible for ensuring compliance with information security procedures. This ensures that the Board complies with the Government Code that requires that each agency have an officer who is responsible for ensuring that the organization's systems and procedures are in compliance.
(August 20, 1996; December 12, 2000)

l. Promulgating Regulations.

The Board delegated to the Executive Director the ministerial duty of proceeding through the rulemaking process in compliance with the Administrative Procedure Act. All substantive changes to the proposed text suggested by Board staff, the public, the Fair Political Practices Commission ("FPPC"), or the Office of Administrative Law ("OAL") would be brought before the members at the next meeting. Non-substantive changes suggested by OAL, FPPC, or staff would be submitted to the Executive Committee for consideration and ultimately reported to the Board at the next meeting.
(April 26, 2002; August 1, 2025)

~~The Board adopted proposed regulations increasing the dealer licensing fee to $425 and the per vehicle fee to $.65 for manufacturers~~

~~and distributors with a minimum of $425. If necessary, during the rulemaking process, the Board granted staff discretion in consultation with the Executive Committee to reduce the fee to any number between $400 and $425 and $.60 and $.65. If this occurs, staff will bring this matter to the full Board at its next meeting.~~
~~(November 1, 2024)~~

The Board revised its delegation of authority to the Executive Director to proceed with the rulemaking process to include updating addresses in the Board's regulations without Board approval as these changes are without regulatory effect. Any such changes would be reported at the next General Meeting in the Executive Director's Report. (July 16, 2026)

m. Public Member Designee if President is Dealer Member.

When a Dealer Member is President, only those matters in which a Dealer Member would be disqualified from having heard in the first place are delegated. Furthermore, if a Dealer Member is Board President, and a Public Member is Vice President, then the designation would automatically go to the Vice President.
(October 22, 1996, February 12, 1997; March 18, 1997 - Business, Transportation & Housing Agency Audit Recommendation 5; June 26, 2008)

n. Removal of Administrative Law Judge from Assignment Log

The Executive Director has discretion to remove an Administrative Law Judge from an assignment log based on performance. Any proposed changes would be discussed in advance with the Policy and Procedure Committee. If appropriate, updates would be reported to the Board in the Executive Director's Report or in closed Executive Session as a personnel matter.
(April 28, 2023)

o. Strategic Plan Discretion to Implement Objectives

The Board adopted its first Strategic Plan (June 2024 through July 2030) at the April 25, 2024, General Meeting. The Executive Director has discretion to take action responsive to the following objectives: (1) Improve outcomes for all motor vehicle consumers; (2) Contribute to the advancement of the California State Transportation Agency's Core Four priorities: Safety, Equity, Climate Action and Economic Prosperity; (3) Transform our organization to become more resilient and conserve limited resources; and (4) Reimagine the engagement experience to meet the needs of the public, our industry, and litigant

stakeholders.
(April 25, 2024)

Memorandum

Date : JUNE 23, 2026

To : EXECUTIVE COMMITTEE
JACOB STEVENS, CHAIR
ANNE SMITH BOLAND, MEMBER

From : TIMOTHY M. CORCORAN
ROBIN P. PARKER

Subject : UPDATE CONCERNING THE BOARD'S COMPLIANCE WITH THE 1996 PERFORMANCE AUDIT CONDUCTED BY BUSINESS, TRANSPORTATION & HOUSING AGENCY, AND THE RESULTANT CORRECTIVE ACTION PLAN

The legal staff[1] annually reviews the Board's compliance with the 1996 Performance Audit conducted by Business, Transportation & Housing Agency[2] ("Agency") and the resulting Corrective Action Plan. At the May 26, 2011, General Meeting, the members made this an exception report. Most recently the members reviewed the Audit at the February 28, 2025, General Meeting. There have been several updates, so this matter is being agendized for informational purposes at the July 16, 2026, General Meeting.

The attached updated matrix provides an overview of each audit finding, the chronology of each step taken toward Board compliance, and the Department of Motor Vehicles' responses. It further encompasses the Corrective Action Plan Committee's proposal that was adopted by the Board at its December 8, 1998, General Meeting, and the Audit Review Committee's recommendations concerning restructuring the senior management positions that were adopted at the May 25, 2000, General Meeting. The updates are highlighted yellow in underline and strikeout font.

[1] At the November 20, 2008, General Meeting, the Audit Compliance Officer duties were assigned to the Board's General Counsel. However, given the General Counsel's resignation in 2011, Robin Parker assumed these duties.
[2] Effective July 1, 2013, California State Transportation Agency superseded Business, Transportation & Housing Agency.

The chart below provides a brief summary of the updates to the corrective action plan taken by the Board:

Finding No.	Description	Update
9	Issue memo for reorganization.	The language authorizing the Executive Director discretion to assign additional merits hearings to the Office of Administrative Hearings (OAH) outside the current assignment log was deleted. As of February 28, 2025, all merits hearings in new and existing protests are assigned to OAH. The Board's retired annuitant merits ALJs were separated from service in 2025.
15	Board delegations are not formalized.	Reflects updates to the Board adopted delegations.
28(29)	Designation of economic conflict-of-interest filing officials is incomplete.	Amendments to reflect the new Assistant Division Chief/Program Manager position (Assistant Director and Equity Officer) were effective August 9, 2025.

This matter is for information only at the July 16, 2026, General Meeting. If you have any questions or require additional information, please do not hesitate to contact me at (916) 244-6774 or Robin at (916) 244-6776.

Attachment

Audit Finding: **1**

The Board does not have statutory authority or budgeted resources to establish a "Lemon Law" consumer protection legal services program.

Audit Recommendation

Settlement and arbitration services to individual Lemon Law related consumers is potentially a very large program. If the Board's plans include expanding into this program area, we recommend that the Board develop its workload indicators and prepare appropriate budget and policy documents to assure that the proposed activities are in coordination with policies of the Agency, the DMV, which has jurisdiction over licensing of dealers, and Department of Consumer Affairs, which has jurisdiction over certifying the manufacturer's arbitration program.

NMVB Response

The Board concurs. The Board has not in the past, and does not now have, any intention or interest in regard to establishing a "Lemon Law" consumer protection legal services program. However, the Board provides voluntary consumer mediation service for the benefit of any consumer who has a dispute with a new motor vehicle dealer, manufacturer, or distributor. This mediation service is not related specifically to Lemon Law matters. This service, for which there is no charge to the parties, is provided in order to comply with the legislative mandate of California Vehicle Code section 3050(c)(2).

NOTE: The Board has continued to enhance and improve the services offered by its Consumer Mediation Services Program without exceeding the guidelines established by the Corrective Action Plan Committee. It improved the complaint form which has been renamed the Mediation Request Form, which is available on the Board's website or by calling the Board's offices. The staff will continue informal mediation and direct consumers to the Lemon-Aid pamphlet on the Department of Consumer Affairs website. Specific "Lemon Law" complaints are referred to the Department of Consumer Affairs. The Board adopted the use of a Mediation Checklist for Recreational Vehicle Jurisdiction when dealing with complaints from the public regarding RVs. The members are provided an annual update on the Consumer Mediation Program at a noticed meeting in January.

DMV's Response

All programs will be reviewed to assure proper policy and budgetary approval.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The Board does not plan to expand its informal mediation program into a "Lemon Law" program.

DMV's Response to CAP

The response indicates an intent to continue the Consumer Newsletter, which provides information on the Lemon Law and advises the consumer as to the existence of the Board and its informal mediation program. The Newsletter and the mediation program appear to be beyond any authority conferred on the Board by statute and should be discontinued. The Board serves as a referral function.

Date Completed

February 1997

CAP Committee Proposal

The Board staff will continue informal mediation and will send out the Lemon-Aid pamphlet prepared by the Department of Consumer Affairs. It will not advertise its services nor will any type of consumer newsletter be disseminated.

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[1] All references to Agency refer to Business, Transportation & Housing Agency or California State Transportation Agency (7/1/13).

Audit Finding: **2**

Duty Statements of the principal administrative officials are not in conformance with the provisions of the "new" Administrative Procedure Act.

Audit Recommendation

The Board should determine a method of organizing duties which is compatible with the requirements of the Administrative Procedure Act. The Board should work in conjunction with the Department to ensure that any resulting personnel changes follow requirements.

NMVB Response

The Board concurs. The Board President and Executive Secretary have discussed with a representative from Agency the changes necessary for the Board to be in conformance with the "new" Administrative Procedure Act when the Act becomes effective July 1, 1997. NOTE: Duty Statements for the principal administrative officers are in conformance with existing law, and operate with a written Duty Statement for the Executive Secretary that has been in existence since April of 1981, as well as a written Duty Statement for the Assistant Executive Secretary that has been in existence since January 1987.

NOTE: At the May 25, 2000, General meeting of the Board, the members adopted the Audit Review Committee's recommendation that the Board's organization structure and duties of the Executive Secretary and Assistant Executive Secretary be redefined to eliminate all duties related to hearing Board cases. The Executive Secretary position would be recast as the Board's Executive Director, with responsibility for all administrative and statutory functions of the Board, including processing cases filed with the Board and conducting informal mediation designed to efficiently and expeditiously settle disputes whenever possible. This would include all statutory responsibilities of the Board's "secretary." The Assistant Executive Secretary duties would be changed to that of General Counsel, eliminating any involvement in hearing specific cases. The General Counsel would analyze proposed decisions and rulings and advise the Board thereon. Additionally, the General Counsel would advise the Executive Director and the Board on all other legal matters of interest to the Board. These positions would be designated as Career Executive Assignment. On December 12, 2000, Tom Novi was appointed to the position of Executive Director until he retired in 2005. Howard Weinberg was appointed to the position of General Counsel on January 8, 2002. Mr. Weinberg resigned in February 2010. The Office of the Attorney General is serving in this capacity on an as needed basis. In 2003, the Board sponsored legislation that changed references to "Executive Director" from "secretary" to reflect the current organizational structure and duties of the Board staff and administration. Vehicle Code section 3014 was amended to remove any reference to Assistant Executive Secretary and changed the Executive Director position from a civil service to exempt position. These statutes were effective on January 1, 2004. The Board also promulgated regulations to reflect these changes that were effective on January 1, 2004. On September 8, 2005, the Board appointed William G. Brennan as Executive Director. The Board also promulgated a regulation that deleted the authority of the Executive Director to conduct protest hearings (operative April 23, 2006). Mr. Brennan passed away in November 2017 and Timothy M. Corcoran was appointed as the Executive Director on January 24, 2018.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The separation of power provisions of the "new" APA are not applicable to the Executive Secretary/Chief Administrative Law Judge.

DMV's Response to CAP

The duty statements are not sufficiently delineated to ensure the separation of functions will occur. Duty statements/functions should be outlined to clearly show that no conflicts will be created or the appearance of a conflict. The mandates of the "new" APA do apply to the Board and its staff.

Date Completed

May 2000

CAP Committee Proposal

At the January 22, 1998, General meeting of the Board, the members adopted a numerical designation for assigning hearing officers. The Executive Secretary and Assistant Executive Secretary may preside over a settlement conference by mutual consent of the parties but they are not given a numerical designation and therefore are not assigned cases.

Audit Finding: **3**

The Board may not provide all due process protections of the “new” Administrative Procedure Act.

Audit Recommendation

The Board should review its processes to assure compliance with the additional protections required by the Administrative Procedure Act.

NMVB Response

The Board concurs. The Board President and Executive Secretary have met with a representative from Agency to discuss changes that may be necessary for the Board to be in conformance with the “new” Administrative Procedure Act when the Act becomes effective July 1, 1997.

NOTE: The legal staff annually reviews the legislative changes to the APA to ensure Board procedures are in compliance and provides a staff analysis to the Board Administrative Law Judges.

DMV’s Response

Departmental legal staff will be available for consultation with the “new” Administrative Procedure Act. Staff will review the advantages and disadvantages of referring Board protest hearings to the office of Administrative Hearings and will discuss this option with the Board. If hearings remain within the Board, comprehensive regulations will be developed along with staff reorganization. Privatization will also be explored, given the number of arbitration services available.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Board staff analyzed the Act, and have implemented efforts to ensure compliance.

DMV’s Response to CAP

The Board’s analysis of the “new” APA is superficial and incomplete. No contact has been made by Board staff with DMV Legal Office for assistance in complying with the mandates.

Date Completed

September 1998

CAP Committee Proposal

On September 23, 1998, Tom Flesh, Fritz Hitchcock and Robin Parker met with then DMV Director, Sally Reed, then Chief Counsel, Marilyn Schaff, and then Assistant Chief Counsel, Madeline Rule concerning the Board’s compliance with the APA. Based upon Departmental input, the Corrective Action Plan Committee determined that the Board was in compliance with the “new” APA.

Audit Finding: **4**

The Board staff did not seek prior approval for filing amicus curiae briefs with the Courts.

Audit Recommendation

During the field work of the audit, the Board began requesting approval for filings. The Board should continue to remain in compliance and should review its procedures for using the amicus curiae process as a legal and policy strategy.

NMVB Response

The Board concurred, with a formal policy relating to filing of amicus curiae briefs developed and approved at the July 12, 1996, General meeting. The Board's policy is that the Board will not file any amicus briefs without the consent of Agency. As a prerequisite to requesting the consent of Agency, the Board must (a) discuss and approve the consent request at a noticed public meeting, or (b) in the case where time constraints do not permit the foregoing the President may authorize the request for consent. In any instance when the President authorizes the request, a notice shall be immediately sent to Board members. If any member seeks immediate review of this action, the member may request that the President call a special meeting of the Board to discuss the matter. If there is no such immediate review requested, the matter will be included in the agenda of the next regularly scheduled Board meeting. If the Board decides at a subsequent meeting not to file the amicus brief, the request for consent will be withdrawn.

NOTE: On March 9, 2011, the Board filed an amicus curiae letter in support of Yamaha's petition for review in the California Supreme Court in *Powerhouse Motorsports Group, Inc. and Timothy L. Pilg v. Yamaha Motor Corp, Inc.; Powerhouse Motorsports, Petitioner v. New Motor Vehicle Board, Respondent; Yamaha Motor Corp, Inc., Real Party in Interest*. In compliance with this policy, the necessary approvals from the Board Vice President, the Public Members (since this matter involves a dispute between a franchisee and franchisor), Agency, and the Governor's Office were received. It was reported to the full Board at its March 29, 2011, General Meeting. Agency is not the final decision maker for the filing of amicus briefs, rather after Agency review, the filing such briefs must be approved by the Governor's Office of Legal Affairs.

DMV's Response

None.

Current Status

As a result of the Corrective Action implemented the Board does not anticipate submitting a CAP regarding this finding.

Corrective Action Plan Report

None required.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: 5

The New Motor Vehicle Board does not comply with established policy and law pertaining to legal representation.

Audit Recommendation

The Board should seek written consent from the Attorney General's Office for each specific case or should seek a general consent before employing legal counsel other than Attorney General's staff for judicial proceedings. Finally, the Board should adopt policies for determination of whether to request permission to participate in judicial proceedings. The policy should include provisions for a discussion by the Board of the merits of the action.

NMVB Response

The Board concurred and is taking decisive action to adopt policies and procedures so that all legal representation is in full compliance. These actions include, but are not limited to, increased Board participation in policies and procedures, the formation of a Judicial Policies and Procedures Committee of the Board, and a series of meetings that have occurred with the Board President and high level officials within the Office of the Attorney General. Each of the Audit Recommendations is being incorporated into these discussions and subsequent policies and procedures. It should be noted that the officials within the Office of the Attorney General have been very helpful in formulating policies and procedures that are conducive to quality legal representation within limited budget levels.

NOTE: Discussion of a Board Designee by the President consistent with this policy was considered at the June 26, 2008, General meeting. As a result, the Board decided that it is only those matters in which the Dealer Member would be disqualified from having heard in the first place that are being delegated. Further, if a Dealer Member is Board President, and a Public Member is Vice President, then the delegation should automatically go to the Vice President. All judicial matters are monitored by the Board legal staff whether it is represented or not, and the status of each case is reported on the Executive Director's Report at each General Board meeting.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

On October 22, 1996, the Board adopted a policy entitled Board Policy Regarding Representation in Court Actions. On March 18, 1997, the Board revised this policy. All pending court matters are reviewed by the Board President or his designee for the ultimate determination of whether an important State interest/issue is implicated and whether it will participate in the litigation via the Attorney General's Office. Unless an important State issue is implicated, the Board notifies the parties of its policy not to appear in mandamus actions, and further requests that the Court keep it on the proof of service list. If the Court requests the Board's participation, it would retain the services of the Attorney General's Office.

DMV's Response to CAP

Date Completed

March 1997

CAP Committee Proposal

Audit Finding: **6**

The amount of time devoted to hearing cases may be insufficient to allow for full consideration of all issues.

Audit Recommendation

The Board should review its hearing process to ensure that all Board members understand the policy guidelines used for selection of information presented to them and feel they have sufficient time and information from which to make appropriate decisions.

NMVB Response

The Board concurs. A high degree of importance has already been focused on the method of placing an item on the agenda, advance availability of materials, and adequate consideration of matters. The Board members are enthusiastically embracing more active participation. At the July 12, 1996, meeting, Board members addressed a lengthy agenda. There was active participation by the various members many of whom expressed a desire to continue working despite the passage of considerable time.

NOTE: The Board continues to place a high level of importance on making materials available to Board members and allowing sufficient time to discuss issues at noticed meetings. The staff provides a website link to the Board meeting materials to all members and upon request mails a binder that is tabbed according to the agenda at least 10 days in advance of an upcoming meeting. In general, committee memorandums are disseminated to the appropriate members and blind courtesy copied to the Board President in advance of the materials mailing. Feedback is solicited from the committee members prior to finalizing the memo for dissemination to the full Board.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The Board now places a high level of importance on making materials available and having sufficient time to discuss issues.

DMV's Response to CAP

The Board's response to this finding is non-responsive and includes no corrective action plan.

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **7**

The Board should adopt parliamentary procedures.

Audit Recommendation

The Board should adopt the parliamentary procedures which fit its needs and should appoint a recording secretary to be responsible to assure that minutes are complete and timely prepared.

NMVB Response

The Board concurs. Board members were given a copy of Robert's Rules of Order to review at the August 20, 1996, meeting. The issue was discussed, and staff was instructed to prepare a presentation to the Board members, at a subsequent meeting, concerning which provisions of Robert's Rules of Order should be adopted by the Board or, in the alternative, some other parliamentary procedure.

NOTE: New members are provided with the Board adopted Parliamentary Procedures. Periodically, on an as-needed basis this topic is agendized for Board member review.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

At its March 18, 1997, General meeting, the members adopted Board Parliamentary Procedures.

DMV's Response to CAP

The Board cannot just adopt "parliamentary rules" at a meeting of the Board; such rules must be properly adopted as administrative regulations, in accordance with the APA.

Date Completed

October 1997

CAP Committee Proposal

On October 14, 1998, Robin Parker met with Madeline Rule, then Assistant Chief Counsel, DMV. Ms. Rule indicated that the Parliamentary Rules overlapped with other statutes and dealt primarily with internal Board procedures. The Parliamentary Rules did not require to be promulgated as rulemaking.

Audit Finding: **8**

Board may not always be in compliance with the Bagley-Keene Open Meeting Act.

Audit Recommendation

The Board should consider an education program which includes inviting an experienced presenter to cover the requirements of the Act and to describe the risks and typical mistakes which are made by quasi-judicial state entities such as this Board.

NMVB Response

The Board concurs. The Bagley-Keene Open Meeting Act and how it applies to meetings of the Board was a specific agenda item at the July 12, 1996, General meeting. The President and the Executive Secretary gave a detailed presentation to the members of the Board regarding the Act, including notice and agenda requirements, limitations and requirements of advisory committees, factors which are considered in determining what constitutes a "meeting", as well as the prohibition against "serial" or "hub" meetings. In addition, the members of the Board have been provided with the booklet entitled Open Meeting Laws, published in 1989 by the California Attorney General's Office together with the 1995 supplement. Further, the Executive Secretary is designated to be the Bagley-Keene Compliance Officer with responsibility for Board member education and compliance.

NOTE: The General Counsel is now the Bagley-Keene Compliance Officer[2] and is responsible for ensuring compliance with the Act in addition to providing guidance, legal opinion, and education to the members and staff. The members are provided an annual update of the Open Meeting Act and a staff analysis. Continuous education on this topic is provided to the members and has been a noticed agenda item on many occasions.

DMV's Response

None.

Current Status

As a result of corrective action already implemented the Board does not anticipate submitting a CAP regarding this finding.

Corrective Action Plan Report

None required.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

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[2] Robin Parker, Chief Counsel, is performing all of the duties previously assigned to the Board's General Counsel including the Bagley-Keene Compliance Officer.

Audit Finding: **9**

The Department and the Board should develop an issue memo for Reorganization.

Audit Recommendation

The Board should meet with Agency and the Department to explore organization alternatives which would provide the best and most efficient resolution of manufacturer and dealer disputes.

NMVB Response

The Board concurs. This matter was discussed by the Board at its General meeting of August 20, 1996. The Board is in the process of preparing the recommended issue memorandum.

NOTE: At its May 25, 2000, General meeting, the members of the Board adopted the Audit Review Committee's recommendation that Board cases should be heard by the Board's Administrative Law Judges. ~~At the January 25, 2023, General Meeting, the Office of Administrative Hearings ("OAH") was added to the Board's "Merit Hearings Judge Assignment Log," so OAH is next in line to preside over a protest hearing between a franchisee and franchisor. For a period not to exceed three years, the Executive Director has discretion to assign additional merits hearings to OAH outside the current assignment log. Prior to submitting a hearing to OAH that is outside the normal rotation, the Executive Director will seek Executive Committee permission. (April 28, 2023, General Meeting)~~ As of February 28, 2025, all merits hearings in new and existing protests are assigned to the Office of Administrative Hearings (OAH). (February 28, 2025, General Meeting) The Board's retired annuitant merits ALJs were separated from service in 2025. See Audit Finding 2 for discussion concerning the Board's reorganization of its senior management positions.

DMV's Response

The Director concurs with the recommendation that the Board and the Department meet with Agency to explore organization alternatives. These discussions should include consideration of the primary benefits offered by the Board, the importance of the appellate function to these benefits, and consideration of limiting the appellate function to new vehicle transactions. Further, the report suggests that some functions may be duplicated by both the Department and the Board. Once an organizational structure is determined along with the development of the restructure, duplicative functions will be consolidated or eliminated in the most cost-effective and efficient manner. A more detailed review of comparable Boards in similar states may offer some alternatives to consider for implementation to the Board.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The Board is to meet with DMV, BT&H Agency and other state agencies to explore organizational alternatives and will prepare an issue paper for reorganization.

DMV's Response to CAP

Corrective action is different from the Department's proposal. Some are similar but the Board appears to be taking an independent course, not entirely consistent with the Director.

Date Completed

May 2000

CAP Committee Proposal

After the Corrective Action Plan Committee reviewed the option of referring all matters to the Office of Administrative Hearings, it determined that the present system as modified with several proposed recommendations would be more efficient, cost effective, and would afford the parties an effective means to resolve disputes.

Audit Finding: **10**

The Board should consider referring its consumer inquiries to departments with primary jurisdiction and adequate resources.

Audit Recommendation

The Board should meet with the Department of Consumer Affairs, the Department of Motor Vehicles, and the Agency to explore organization alternatives which would provide the best and most efficient consumer services.

NMVB Response

The Board concurs. The Board looks forward to implementing the audit recommendation, especially in light of the fact that eight other government entities referred 160 written consumer complaints to the Board in fiscal year 1995/96 alone. This number does not include telephone inquiries from other government entities which ultimately resulted in the consumer directly filing a complaint form with the Board. The Board President has already had preliminary discussions with the Agency Secretary of the State Consumer and Services Agency. The Board is confident that future meetings will be very productive.

NOTE: In compliance with this Audit Finding, all consumer inquiries are referred to departments with primary jurisdiction. For example, "Lemon Law" complaints are referred to the Department of Consumer Affairs, complaints concerning used vehicle dealers are referred to DMV Investigations, and complaints concerning auto repair facilities that are not also new car dealers are referred to the Bureau of Automotive Repair. However, consumers requesting mediation of disputes with new vehicle dealers and manufacturers are processed by staff in the Consumer Mediation Services Program. In 2004, legislation became effective that brought recreational vehicles (RVs) under the Board's jurisdiction. The legislation included provisions requiring the Board to recommend that the consumer seeking a refund or replacement of an RV consult with the Department of Consumer Affairs. In May 2011, an inter-agency memo was sent to agencies the Board refers to and those that refer to the Board to reinforce the Board's jurisdiction and services offered by the Consumer Mediation Program. In March 2014 and June 2016, letters similar to those sent out in 2011 were again mailed to government and private agencies to reinforce the Board's jurisdiction and services offered by its Mediation Program.

DMV's Response

The Director concurs with this recommendation. It would require the Board to stay within its statutory and budgetary parameters if the Board remains within the Department. A start toward this objective should also include a review of the Board's mission and goals to determine essential services.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Board and staff members should meet with BT&H, DMV and DCA to discuss organizational alternatives with a report to the full Board.

DMV's Response to CAP

Corrective plan does not address Department's recommendation that the Board review its mission and goals to determine essential services. The response indicates that for the time being, the Board will continue doing what it has been doing.

Date Completed

December 1998

CAP Committee Proposal

The Board staff will continue informal mediation and will send out the Lemon-Aid pamphlet prepared by the Department of Consumer Affairs. It will not advertise its services nor will any type of consumer newsletter be disseminated.

Audit Finding: **11**

The Board does not have a new member introduction program.

Audit Recommendation

The Board should consider organizing some type of member education program to assure that all members are exposed to the rules, regulations, and procedures governing their areas of responsibility.

NMVB Response

The Board concurs. The Board is now participating in training for new members as well as ongoing in-service training for current members. At the July 12, 1996, General meeting, the Board specifically discussed member training and education, NMVB's Consumer Mediation Program, the computer system and support services, and Open Meeting Laws. Additionally, the Board discussed availability of specialized Board member training for both new and existing Board members in order to help familiarize the members with issues concerning the responsibilities of Board members, state administrative duties of the members and staff, limitations and restrictions on members to act in certain situations and over certain matters submitted to the Board for determination. The members of the Board were receptive to this type of training and education, and Board staff was instructed to explore, in greater detail, the availability of such programs for future Board member participation. It is anticipated that Board training and education will be part of most future meetings.

NOTE: At its July 18, 2000, General meeting, the members of the Board adopted a report from the Board Development Committee, which recommended new member orientation and a Board member education program for new and existing members. The new member orientation program is used for all new Board members. Board member education is scheduled for most, if not all, Board meetings. Annually, a schedule of educational speakers and industry related tours are developed and implemented.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Board member education has been discussed at the July and October 1996, General meetings, and is scheduled for most, if not all general Board meetings.

DMV's Response to CAP

Date Completed

October 1996

CAP Committee Proposal

Audit Finding: **12**

The Board should review its case management quality assurance system.

Audit Recommendation

The Board should develop a process for reviewing case management activity including the quality, quantity, and timeliness of legal work performed on behalf of the Board. One method is to assign a specific Board member as a case liaison for each case.

NMVB Response

The Board concurs. Board members have discussed the existing data processing system, including the hardware and software configurations, as well as the advantages and limitations of the system. The Board members were apprised that, at present, the Board does not have a specific automated case management system in place, the existence of which would ensure that matters are handled more expeditiously. At the July 12, 1996, General meeting, staff was authorized to explore implementation of an automated case management system which would utilize existing hardware. Staff work would include an analysis of the cost of such system in relationship to the benefits provided. The Board President recently attended an exhibition on computer software for the legal profession and has provided materials to staff. The Board staff is currently working on an analysis of these materials, as well as independent research. The results of the staff research will be presented for Board consideration at a future meeting.

NOTE: Cases are managed by the Board counsel through a calendaring system. Efforts to improve the management of Board cases via software are regularly reviewed internally and tested for compatibility. DMV monitors all acquisitions in this regard and also provides testing services. In addition, the Policy and Procedure Committee, along with input from legal counsel for dealers and manufacturers, recommended revisions to the Board case management procedures which were adopted by the members at the April 27, 2001, General meeting. The recommended changes did not require regulatory and statutory revisions. In March 2002, the Board adopted a proposal to undertake a comprehensive review and analysis of its enabling statutes and regulations that would require revisions. Input was solicited from the Board Administrative Law Judges and legal staff, attorneys that regularly practice before the Board, industry personnel, and Board members. As a result of the review, recommended revisions to the Board case management procedures that require regulatory and statutory changes were approved at the September 10, 2002, and October 29, 2002, General meetings. All of the legislative and regulatory changes have been approved and are effective. The Board's internal procedures, policies, and publications have been updated to incorporate these changes.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Board members and staff are currently reviewing the new DMV Legal Office case management system, along with other alternatives. A decision should be made soon.

DMV's Response to CAP

The CAP does not address quality issues. Even if the Board could use or acquire the DMV Legal Office's new case management system, that would not resolve quality issues associated with substantive legal work, meeting minutes, etc.

Date Completed

January 1998

CAP Committee Proposal

Audit Finding: **13**

The Board has not adopted an Administrative Enforcement Manual.

Audit Recommendation

The Board should consider whether publication of introductory materials and/or availability of an administrative enforcement manual would be sufficiently helpful to either Board members, new practitioners, or others to justify investment of the required resources.

NMVB Response

The Board concurs. In 1986, the Board published a guide to the New Motor Vehicle Board. However, this guide is presently not up to date. The Board's staff has been working for more than one year on a practice and procedure guide for those who seek to use the Board's services. The Board discussed this issue at the August 20, 1996, General meeting and provided direction to the staff regarding the types of materials the Board feels appropriate. Other avenues of public education are being explored, e.g., continuing education classes, Internet web sites, and educational brochures. The Board is also exploring methods of publishing and disseminating the above materials at no cost to the State by utilizing private sector resources.

NOTE: A Guide to the New Motor Vehicle Board was published in July 1997 and revised in April 1999. The Guide functions like a practice manual for attorneys appearing before the Board. It contains the "new" APA, the applicable Vehicle Code and regulatory sections. Supplements to the Guide have also been published as changes dictate. A March 2001, Supplement was published and disseminated to Board members and staff, the public mailing list, and specific manufacturer and dealer attorneys. In January 2002, the Board staff incorporated all of the changes contained in the Supplement into the Guide along with all statutory changes effective January 1, 2002. A revised Guide dated January 2002 was disseminated to all new motor vehicle and motorcycle dealers, manufacturers, distributors, the public mailing list, and in-house and outside counsel that regularly practice before the Board. At the December 5, 2003, Special meeting, the members adopted a revised Guide. A revised Guide dated January 2003 was disseminated by the DMV to all licensees within the Board's jurisdiction in March 2003. Annually the Board revises its Guide to incorporate all statutory and regulatory changes. The Guide is available on the website and a notice to that effect is disseminated annually.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Draft manual presented to the Board at February 1997 General meeting. Following Board review of the manual titled "Guide to the New Motor Vehicle Board" will be printed and disseminated to interested parties.

DMV's Response to CAP

Under the "new" APA, the Board must make available to interested parties all statutes and regulations pertaining to hearing procedures for matters heard by the Board. It must be noted that the Board cannot simply draft a manual containing substantive procedural requirements; unless adopted as a regulation.

Date Completed

July 1997

CAP Committee Proposal

During a meeting with Madeline Rule, then Assistant Chief Counsel, DMV, it was determined that as long as the Guide was a recitation of the Vehicle Code, regulations, and case law with the authorities referenced thereto, it did not need to be promulgated as rulemaking.

Audit Finding: **14**

The Board should ensure that all required transaction reports are filed with the Agency.

Audit Recommendation

The Board should work with the Department and the Agency to ensure that all required transaction reports are correctly forwarded.

NMVB Response

The Board concurs. Action has been taken to bring the Board into compliance with this finding. The Board did not always file the required transaction reports with Agency because, oftentimes, it was not aware of any requirement to do so. It appears that the memorandums setting forth the policy concerning the various transaction reports were sent to the Department, but often the Department didn't forward them to the Board or otherwise make the Board aware of the requirements.

NOTE: Board Chief Counsel is in contact with Agency counsel concerning the Board's court cases. Agency is also provided with a Week Ahead Report containing significant issues that may be of interest to the administration.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The DMV has taken steps to ensure that the Board is provided all necessary information to file the reports. The significant litigation report is filed with BT&H Agency by the 5th of each month.

DMV's Response to CAP

The Director is being provided reports sent by the Board to Agency.

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **15**

Board delegations are not formalized.

Audit Recommendation

Delegation authorities should be formally adopted by the Board. Delegations which include signature authority should specify transaction type or dollar limits where applicable and should distinguish between the granting of powers reserved to the Board and duties arising from existing statutory provisions already reserved to individuals.

NMVB Response

The Board concurs. The Board's enabling statutes and regulations, contained in Title 13 of the California Code of Regulations, contain several references to situations where the Board, its secretary, or a hearing officer designated by the Board, can perform certain functions. The Board recognizes the need to develop further formal delegations, and has commenced corrective action.

NOTE: The Budget and Finance Committee considered all of the duties of the Board and staff, and recognized those that, by statute or regulation, are retained by the Board or are already delegated to designated individuals. In addition, the Committee report recommended which administrative duties should be delegated to staff and the level of Board oversight over these activities. The recommendations also contained an indication as to transaction type and dollar limit for procurement of goods and services, where applicable. The Board's internal procedures are consistent with the policy developed by the Budget and Finance Committee. At the May 26, 2011, General Meeting the annual review of these delegations was made an exception report. The Board staff continues to review these delegations each year. Revised delegations were adopted at the July 15, 2014, February 10, 2016, and January 18, 2017, General Meetings to implement legislation (Senate Bill 155, Assembly Bills 759 and 1178, and Assembly Bill 287, respectively). Article 6 of the Vehicle Code was repealed effective January 1, 2019, and the Board revised its Legislative Policy so revised delegations were adopted at the June 7, 2019, General Meeting.

At the February 16, 2021, General Meeting, revised delegations were adopted to reflect: (1) Section 3050 was re-lettered; (2) Article 3 Appeals were repealed; (3) The methodology for calculating a franchisee's "retail labor rate" or "retail parts rate" (Section 3065.2); (4) Sections 3065.3 and 3065.4 protests; (5) The Board's authority to hear Export or Sale-for-Resale Prohibition Policy protests in Article 6 was restored (Assembly Bill 179); and (6) Updates concerning recent staff promotions.

At the April 28, 2023, General Meeting, delegations were updated to delete obsolete references to appeals in Section 3008. ~~Additionally, for a period not to exceed three years, the Executive Director was given discretion to assign additional merits hearings to OAH outside the current assignment log. Prior to submitting a hearing to OAH that is outside the normal rotation, the Executive Director will seek Executive Committee permission.~~

Delegations were updated at the August 9, 2024, General Meeting: (1) Discretion authorizing the Executive Director to remove an ALJ from an assignment log based on performance; (2) Recruitment and hiring practices with the goal of filling at least 44% of Board public contact positions with bilingual employees; (3) Prior review of all new and revised policies by the then Ad Hoc Committee on Equity, Justice and Inclusion prior to Board action; (4) Assembly Bill 473 added three new protests to Vehicle Code section 3065.3; (5) The Board adopted Strategic Plan 2024-30; (6) Executive Director discretion to take action responsive to the objectives in the Strategic Plan; and (7) Delegation of the personnel duties in the Delegation of Administrative Duties to the Assistant Director and Equity Officer.

At the August 1, 2025, General meeting, revised delegations were adopted as follows: (1) The Ad Hoc Committee on Equity, Justice and Inclusion is now a standing committee; (2) During the rulemaking process increasing the Annual Board Fee, the Board granted staff discretion in consultation with the Executive Committee to reduce the fee to any number between $400 and $425 and $.60 and $.65; (3) The temporary discretion granted to the Executive Director to assign merits hearings to OAH outside the current assignment log is obsolete and was deleted; (4) The Board adopted delegation of authority to the Executive Director to proceed with the rulemaking process was amended to include non-substantive changes suggested by the Fair Political Practices Commission.

Revisions to the delegations were adopted at the July 16, 2026, General Meeting to reflect: (1) all Board merits Administrative Law Judges were separated in 2025, so there is no need to retain them on the Alternative MSC Assignment Log and the Alternative Law and Motion Assignment Log; (2) the Board Fee increase was approved without change and effective April 1, 2026, so the delegation to staff with discretion to adjust the fee to any number between $400 and $425 and $.60 and $.65 was deleted; (3) the Executive Director is delegated the authority to update addresses in the Board's regulations without Board approval as these changes are without regulatory effect. Reports will be provided in the Executive Director's Report at each General Meeting.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The Board's Budget and Finance Committee presented recommendations concerning delegation that were adopted at the March 18, 1997, meeting.

DMV's Response to CAP

The response and corrective action plan are vague and not fully responsive. Further, the absence of an approved organization chart of the Board is not addressed.

Date Completed

March 1997

CAP Committee Proposal

Audit Finding: **16**

The Board should consider distribution of assignments.

Audit Recommendation

The Board should review the amount of routine administrative detail which might be appropriately dealt with by committee or temporary task group in order to ensure that the Board receives all of the information which it desires and that deliberative processes of the Board are not reduced in favor of administrative detail. For instance, the Board might consider whether there is a need for the following types of committees: budget & finance; personnel; ethics; audit; legislative; judicial relations; board education; consumer education; industry education; and intergovernmental relations.

NMVB Response

The Board concurs. At its General meeting of July 12, 1996, the Board President announced the formation of a Budget and Finance Committee and a Judicial Procedures Committee and appointed members to each Committee. Other committees will be formed as and when appropriate. The Board is also implementing a rotation system whereby all Board members will have the opportunity to be the presiding official at Board hearings.

NONE: A number of Board committees have been created over the years. At its May 25, 2000, General meeting, the members adopted the Audit Review Committee's proposal to consolidate the existing 10 advisory committees into the following committees: (1) Administration Committee; (2) Policy and Procedure Committee; (3) Board Development Committee; and (4) Executive Committee. At the September 12, 2000, General meeting, the members adopted the Executive Committee's recommendation of splitting off the budget and finance functions currently assigned to the Administration Committee and created a Fiscal Committee. At the December 5, 2002, Special meeting, the Government and Industry Affairs Committee was created. At the April 21, 2005, General meeting, a Search Committee was created on an ad hoc basis for purposes of filling the Executive Director vacancy upon Tom Novi's retirement. At the February 11, 2008, General meeting, an Ad Hoc Rulemaking Committee was created. Annually, the Board President reviews these committee designations and periodically creates Ad Hoc Committees.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

At the July 1996, General meeting, Judicial Policies and Procedures, and Budget and Finance Committees were established.

DMV's Response to CAP

Date Completed

May 2000

CAP Committee Proposal

Audit Finding: **17**

The Board should adopt an audit resolution policy.

Audit Recommendation

The Board should adopt an audit resolution policy which involves the Board, management, and program staff in ensuring that corrective actions are satisfactorily resolved. The Audit Office has developed suggested language which can be used if desired.

NMVB Response

The Board concurs. The Board President shall prepare initial responses to findings of the draft audit report, and have the responsibility to submit these responses to Agency. The Board should designate a Board employee to oversee audit follow-up, including resolution and corrective action. The designated Board employee shall work with the Board President to develop a written Corrective Action Plan (CAP) for those audit findings which indicated that a deficiency exists in Board operations. The CAP shall be presented to the full Board for approval. The CAP will include targeted improvement measures, responsibility of assignments, and estimated completion times. It will also describe the level of risk assumed by the proposed resolution and the level of loss prevention controls desired. The designated Board employee shall also be responsible for ensuring that prompt and proper implementation of the adopted CAP actually occurs, monitoring corrective action and preparing summary reports that shall be submitted to the full Board for approval. Summary reports should be prepared and filed with Agency at no less than 6-month intervals until the subject of the audit findings is corrected.

DMV's Response

None.

Current Status

As a result of the corrective action already implemented, the Board does not anticipate submitting a CAP regarding this finding.

Corrective Action Plan Report

None required.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **18**

The New Motor Vehicle Board does not have an adequate audit trail to account for all fees paid to the Board.

Audit Recommendation

The Board should revise its petition and protest case log and check log formats to ensure that they provide sufficient information to enable internal staff and external auditors to verify that all required fees have been paid and are accounted for. Further, the Board should review the duties of Board staff and revise responsibilities so that sufficient separation of duties exists to ensure adequate internal controls over cash receipts. Specifically, one person who is responsible for billing, accounts receivable detail, general ledger posting, and invoice processing should open all mail and list all checks. That listing should periodically be reconciled with amounts recorded on the deposit log prepared by a different person who records the check deposits. These reconciliations should be available for audit.

NMVB Response

The Board concurs. Corrective action has been taken to satisfy the concerns raised by this finding.

NONE: The Board's internal procedures are consistent with the policy developed by the Budget and Finance Committee.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding to confirm the action taken adequately addresses the finding.

Corrective Action Plan Report

The Budget and Finance Committee adopted a policy which addresses this finding at a November 1996, Committee meeting. The Board adopted the Corrective Action Plan Report in which this policy was encompassed at its February 12, 1997, General meeting.

DMV's Response to CAP

Based on the revisions presented it appears the Board's revised procedures should ensure that all monies received were deposited and that a record of those receipts will be retained for audit purposes. The response appears to have addressed the separation of duties problem. There are four concerns: (1) how the reconciliation will be documented and retained for audit purposes; (2) unsure whether all filing fees for petitions are accounted for; (3) unsure if proper amount was collected for each party; (4) unsure if there is a separation between the person that records the cash receipts and the person that records deposits.

Date Completed

November 1996

CAP Committee Proposal

Audit Finding: **19**

Travel expenses for out of state trips were not approved by the Board.

Audit Recommendation

The full Board or its Personnel, Finance, or Program Committee should review out-of-state trip requests before they are submitted through the budget process to the Governor's Office for approval to decide appropriate Board representation if the trips are determined to be cost beneficial. This recommendation is made only as a matter of appropriate policy regarding separation of duties and management authorization. Our testing of accounting controls did not note any monetary violations of state procedures for filing claims for travel expenses by employees or officers of the Board for either in-state or out-of state trips.

NMVB Response

The Board concurs. Travel procedures for the Board and its staff were discussed at the July 12, 1996, meeting. At that time, the Board adopted a policy to ensure that the members of the Board are fully apprised of and actually approve the budgetary allotment for and participation in any out-of-state travel. This policy requires review of the out-of-state travel proposals prior to the time the requests for out-of-state travel are submitted to Agency. Prior Board review and approval will also be obtained when any previously approved out-of-state trip is modified as to time, individuals traveling, or destinations.

NOTE: The Executive Committee will authorize who actually attends the out-of-state trips for each fiscal year. This topic is agendized annually for Board member consideration.

DMV's Response

Out-of-state trips for the Board's employees will be appropriately in the Department's out-of-state blanket after they are approved by the Board.

Current Status

As a result of corrective action already implemented, the Board does not anticipate submitting a CAP regarding this finding.

Corrective Action Plan Report

None required.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **20**

Public funds cannot be used for legal work to represent for-profit corporations where the state is not a party to the action.

Audit Recommendation

When the Board develops its internal procedures for legal strategies which include participation in judicial procedures, it should obtain guidance on possible constitutional issues with respect to positions it wishes to advocate.

NMVB Response

To be developed.

NOTE: The Board instituted a policy that requires the Board President and Agency approval, as necessary. See Audit Finding 4 for a discussion of the Board policy implemented concerning filing amicus curiae briefs.

DMV's Response

None.

Current Status

Corrective Action Plan Report

The Board instituted a policy that results in Board President and BT&H Agency approval, as necessary.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **21**

Exempt position time reporting is not in compliance with state requirements.

Audit Recommendation

The Board and the Department should meet to determine that all necessary personnel duties regarding the Department's employees stationed at the Board and the Board's exempt position have been assigned to responsible staff.

NMVB Response

The Board concurs. Board staff, in conjunction with staff of the Department's Human Resources unit, have implemented a procedure to comply with the finding. Beginning with the July 1996, pay period, the exempt position began submitting the executed monthly attendance reports to the Department. However, the Board interprets the recommendation regarding personnel duties to be much broader than accounting or attendance issues, and will meet with the Department to discuss broader personnel duties.

NOTE: At the May 25, 2000, General meeting, the members of the Board adopted the Audit Review Committee's recommendation concerning restructuring the Board's senior management. To help facilitate these changes, Steven Gourley, then DMV Director, committed to working closely with the Executive Committee to appoint the Committee's selections for the Executive Director and General Counsel positions. In turn, the Board decided that the Director could use its statutory exempt entitlement on a loaned basis during the Director's tenure. At the December 11, 2003, Special meeting, then DMV Director Chon Gutierrez informed the Board that it no longer needed the Board's exempt entitlement. By motion and unanimous vote, the Board's exempt entitlement is being used for the Executive Director position effective January 1, 2004. All Board staff, including the Executive Director, report their time to the DMV in compliance with state requirements.

DMV's Response

The Department's Human Resources staff will meet with Board staff to ensure that duty statements are current and that Board staff and Department employees have a time reporting procedure.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Since the audit, attendance sheets have been submitted for the exempt position.

DMV's Response to CAP

Date Completed

May 2000

CAP Committee Proposal

Audit Finding: **22**

The Board does not have an Information Security Officer (ISO).

Audit Recommendation

The Board should appoint a liaison ISO to work with the Department's ISO to ensure that the Board's operations maintain at least the same level of security as the rest of the Department.

NMVB Response

The Board concurs. At the August 20, 1996, meeting, the Board designated Assistant Executive Secretary Michael M. Sieving to serve as liaison Information Security Officer to work with the Department's ISO to ensure compliance with information security procedures.

NOTE: When Tom Novi was appointed to the position of Assistant Executive Secretary and ultimately the Executive Director, Mr. Novi assumed these duties. When Mr. Novi retired in October 2005, and Mr. Brennan was appointed to the Executive Director position, he assumed these duties until his passing in November 2017. Timothy M. Corcoran was appointed the Executive Director on January 24, 2018; he took his oath of office on February 5, 2018, and assumed these duties.

DMV's Response

The Director is requesting that our Information Security Officer meet with the Board Liaison to ensure that there is a comparable and adequate security level.

Current Status

As a result of corrective action already implemented, the Board does not anticipate submitting a CAP regarding this finding.

Corrective Action Plan Report

None required.

DMV's Response to CAP

Date Completed

July 1996; December 2000

CAP Committee Proposal

Audit Finding: **23**

Inventory tags have not been attached to state equipment.

Audit Recommendation

The Board should immediately affix the inventory tags which have been provided by the Department to the appropriate equipment.

NMVB Response

The Board concurs. Board staff has affixed the decals as prescribed and has noted the property tag number on the equipment inventory.

NOTE: New equipment receives the appropriate inventory decals as prescribed.

DMV's Response

The department has already provided the inventory tags to the Board. We support your recommendation that the Board immediately affix the tags.

Current Status

As a result of corrective action already implemented, the Board does not anticipate submitting a CAP regarding this finding.

Corrective Action Plan Report

None required.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **24**

The computer system needs additional physical security devices.

Audit Recommendation

The Board should acquire some type of smoke detector and a plastic emergency tarp to cover the network server computer equipment in the event of water damage.

NMVB Response

The Board concurs. The Board is in the process of procuring a smoke detector, as well as plastic tarps which will be available to cover the main server and other computer equipment in the unlikely event of water damage.

NOTE: Locks are provided for all laptops. The Board's server is managed/housed by DMV IT and is subject to their mitigation protocols. Smoke detectors are managed by DMV Facilities and are subject to Fire Marshall rules.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

A smoke detector will be installed in February 1997. Tarps are operational.

DMV's Response to CAP

Physical security devises are usually called for to protect the utility of desktop computing assets. The CAP does not include provisions for lock down devices to prevent the removal of hardware.

Date Completed

February 1997

CAP Committee Proposal

Audit Finding: **24(25)**

Virus protection procedures need improvement.

Audit Recommendation

Responsible data processing staff should become familiar with installed protections and obtain training on activation of protective software.

NMVB Response

The Board concurs. The Board believes that the current virus protection system is inadequate, and is in the process of procuring additional virus protection software. Additionally, appropriate staff training will be implemented.

NOTE: Anti virus software has been installed on the LAN server and on all PCs and laptops. The software is updated regularly by DMV's Information Systems Division (DMV/ISD).

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

In January 1997, Anti virus software was ordered, and subsequently installed in September 1997.

DMV's Response to CAP

The Anti Virus program will be an automated program which will protect the system from viruses from local input devices and on-line services. The staff will be trained once the system is received and installed.

Date Completed

September 1997

CAP Committee Proposal

Audit Finding: **25(26)**

Password protection is inadequate or not operational.

Audit Recommendation

The Board should ensure that its data processing system receives a periodic independent review to detect situations where internal controls have been inadvertently removed.

NMVB Response

The Board concurs. The Board has instituted a policy of changing passwords at scheduled intervals. Unused workstations have been locked off so that unauthorized users are unable to access the network, and the Board is exploring the option of procuring additional software to increase password protection.

NOTE: The Board's LAN servers and PCs are monitored and maintained by DMV/ISD. Passwords are required to be changed every 45 days.

DMV's Response

None

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

In September 1996, password protection was installed.

DMV's Response to CAP

The CAP does not identify the password mechanism used, it does not address the basic issue of security awareness so that employees understand the importance of effective password management, nor does it state that all critical systems and files are password protected.

Date Completed

September 1996

CAP Committee Proposal

Audit Finding: **26(27)**

Data processing system documentation could be strengthened.

Audit Recommendation

Data processing staff should update diagrams and documentation sufficiently to allow unfamiliar users to learn the system.

NMVB Response

The Board concurs. The Board's staff is in the process of preparing procedural manuals for all data processing programs currently in operation.

NOTE: Configurations of the LAN server are documented in numerous procedural manuals which are maintained by DMV/ISD. Software installation and data back up are strictly controlled.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

New software installations are recorded on a software installation log. Procedures for re-installing and restoring software and backup data are currently being re-established to meet Departmental standards.

DMV's Response to CAP

Date Completed

August 1997

CAP Committee Proposal

Audit Finding: **27(28)**

Higher level security access control is inadequate.

Audit Recommendation

The Executive Secretary should assure that duty statements covering access at the highest level of security are limited to those who cannot originate or approve transactions and who are directly responsible for the tasks associated with system security.

NMVB Response

The Board concurs. The Board is taking steps to modify the procedure to comply with the audit recommendation.

NOTE: Security access to the Board's LAN server is controlled by DMV/ISD. No Board employees have access to the server. A limited number of Board employees have administrative access to the Board's PCs and laptops.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

At the time of the Audit, six Board employees had Supervisory status. Supervisory equivalence on the LAN allows total access to the entire system. Since the Audit, Supervisory status has been delegated to two individuals on the Board's staff. This has eliminated the problems identified by the Audit.

DMV's Response to CAP

The Board should have a detailed, properly adopted Conflict of Interest Code, designating the positions and disclosure category for each, just as the DMV does.

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **28(29)**

Designation of economic conflict-of-interest filing officials is incomplete.

Audit Recommendation

The full Board or its Ethics or Personnel Committee should review its economic conflict-of-interest regulations to determine whether changes are needed to conform inconsistencies in its regulations in order to comply with applicable statutes. Since the administrative law judges of the Board are employees of the Department, the Board should work with the Department to ensure that regulations are in conformance.

NMVB Response

The Board concurs with the recommendation regarding this Audit Finding, but needs additional information to reach a conclusion regarding the finding itself. Both the Board President and a staff counsel have been in contact with the FPPC to determine the best method to implement the recommendation. A representative of the FPPC advised the Board that it generally receives filings only from Board members and the senior member of the executive staff, not positions such as administrative law judges or the Assistant Executive Secretary. This is due to storage limitations at the FPPC. The Board will continue to explore this topic.

NOTE: Due to the restructuring of the Board's senior management, the Conflict of Interest Code was revised in accordance with the procedure established by the FPPC and the Office of Administrative Law. At the November 20, 2001, General meeting, the members approved the revised text of proposed revisions to the Conflict of Interest Code which incorporated suggestions from the Fair Political Practices Commission. Rulemaking implementing these changes was effective on February 17, 2002. The Conflict of Interest Code was updated and effective on June 20, 2019. At the February 16, 2021, General Meeting, the members approved proposed amendments to the Conflict of Interest Code that were approved by the FPPC in June 2022. The effective date is September 8, 2022. Amendments ~~are in process~~ to reflect the new Assistant Division Chief/Program Manager position (Assistant Director and Equity Officer~~.~~) were effective August 9, 2025.

DMV's Response

The Director concurs with this recommendation. The DMV's Legal Staff is available for consultation to the Executive Secretary, should he require additional information.

Current Status

The Board will submit a CAP regarding this funding.

Corrective Action Plan Report

In August 1996, Wayne Imberi of the Fair Political Practices Commission stated that the FPPC does not want the statements of the Assistant Executive Secretary or hearing officers. These statements should be retained by the agency. The Assistant Executive Secretary and hearing officers file conflict of interest statements with the Board which are retained internally.

DMV's Response to CAP

Date Completed

August 1996

CAP Committee Proposal

Audit Finding: **29(30)**

The Board should promptly cause the investigation of suspected irregular activities.

Audit Recommendation

The Board should promptly investigate or cause the investigation of suspected irregular activities and should file the required incident reports.

NMVB Response

The Board concurs. The Board staff has contacted the Department's Information Protection Program and has met with officials of the Department's Internal Affairs investigations unit. Additional meetings are scheduled to discuss implementation of procedures for reporting future incidents. It should be noted that the Department has been extremely cooperative in this regard, and has responded to the Board's concerns with valuable suggestions and information.

NOTE: The Board staff complies with all DMV policies concerning reporting and investigation of suspected irregular activities.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

In December 1996, the Board staff implemented the DMV policy concerning reporting of suspected irregular activities.

DMV's Response to CAP

Date Completed

December 1996

CAP Committee Proposal

Audit Finding: **30(31)**

Board staff do not have access to written guidance on appropriate behavior.

Audit Recommendation

The Department of Motor Vehicles should ensure that the Board's employees are added to the appropriate distribution lists for its department wide announcements. The Board should make an effort to seek guidance when it encounters situations for which it is likely that published rules exist.

NMVB Response

The Board concurs. The Board's staff has sent a memorandum to the Department specifically requesting that the Board be put on the mailing list for all documents which are disseminated to the Department's programs and divisions.

NOTE: All staff have access to written guidance on appropriate behavior via the DMV Driver and the DMV Expectations document. These documents are also provided to staff.

DMV's Response

The Director has requested that the Board be added to the appropriate distribution lists and encourages management at the Board to ensure employees have received adequate training which is available to them from the Department.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

The Board is now on the DMV mailing list for all divisions. Copies of all memos are given to all Board employees.

DMV's Response to CAP

Date Completed

July 1996

CAP Committee Proposal

Audit Finding: **31(32)**

The Board has not purged computer records.

Audit Recommendation

Staff should review the requirements for retention and destruction of electronic records to ensure that the program is in compliance.

NMVB Response

The Board concurs. The Board will seek assistance and guidance from the Department in the development and implementation of a policy for retention/purging of computer records.

NOTE: The Board staff retains mediation records on the LAN for three-years. After three years, data is removed from the LAN and stored on CD ROM. With regards to the Legal Division, computer records are archived to CD ROM on an as needed basis.

DMV's Response

None.

Current Status

The Board will submit a CAP regarding this finding.

Corrective Action Plan Report

Since September 1996, the Board has implemented a two-year retention policy for computer records for the Mediation Services Program. Any data older than two years is purged at the end of each fiscal year. The Board backs-up the entire system every day and these tapes are kept in the safe.

DMV's Response to CAP

Date Completed

September 1996

CAP Committee Proposal

Memorandum

Date : June 23, 2026

To : FISCAL COMMITTEE
ARDY KASSAKHIAN, CHAIR
ANNE SMITH BOLAND, MEMBER

From : SUZANNE LUKE
KIMBERLEE VAYE
TIMOTHY CORCORAN

Subject : REPORT ON THE BOARD'S FINANCIAL CONDITION AND RELATED FISCAL MATTERS

The following is a financial summary of the Board's expenditures and revenue reflecting July through April of Fiscal Year (FY) 2025-2026.

Revenue Fiscal Year 2025-26

Beginning Reserve Balance	Quarter 1 Revenue	Quarter 2 Revenue	Quarter 3 Revenue	Partial Quarter 4 Revenue thru April
$1,613,956	$237,186	$1,101,584	$229,706	$84,010

Expenditures Fiscal Year 2025-26

Annual Appropriation	Quarter 1 Expenditures	Quarter 2 Expenditures	Quarter 3 Expenditures	Partial Quarter 4 Expenditures thru April	Total Expenditures	Appropriation Remaining %
$2,212,000	$363,928	$316,885	$334,975	$115,358	$1,131,146	49%

Administrative Expenditures Fiscal Year 2025-26

Pro Rata	DMV Administrative Charge
YTD: $184,643	$100,084 Pending Deduction

Pro Rata assessments: 8/15/2025 $37,405. 11/14/2025 $73,619. 3/13/2026 $73,619
DMV Administrative Charge: Previously reported fee of $106,273 was incorrect. Corrected on memo.

<u>Current Reserve Balance</u> – $1,950,653 balance after April Expenditures. Includes Pro Rata assessments for August, November and March.

- New Motor Vehicle Board (NMVB) Annual Fee – This collection is now complete. Staff have collected $872,756 from manufacturers and distributors under NMVB jurisdiction.

  Board Fee Increase Update – Board fee increase was effective 4/1/2026.

- Arbitration Certification Program (ACP) Annual Fee – This collection is nearly complete with two remaining manufacturer payments to be collected.

- Proposed FY 26-27 Budget – Due to the timing of this memo and the July 16, 2026 Board Meeting, the FY 26-27 Budget is not yet finalized. We anticipate receiving our allotment amount from DMV in July and our adjusted FY 25-26 expenditure reports in August or September. We will continue working with DMV to ensure a balanced budget. What we anticipate:

  - Personal Services
    - Filling Attorney III vacancy and pending Attorney IV vacancy.

  - Operating Expense and Equipment Expenses largest expenditures:
    - Office of Administrative Hearings (OAH).
    - The DMV Administrative Fee will begin to be included as a line item under Operating Expense and Equipment budget. DMV generally deducts this fee from our account in May.
    - Board meeting travel.

This memorandum is being provided for informational purposes only, and no Board action is required. If you have any questions prior to the Board Meeting, please contact me at (916) 818-2993.

Attachments as stated

cc: Jacob Stevens, President

Revenue and Expenditure Summary
Fiscal Year 2025-2026
Covers July 1, 2025 to April 30, 2026

REVENUES

New Dealer Licensing Fee:	$771,410
Manufacturer and Distributor Fee	$872,756
NMVB Filing Fee	$4,000
Miscellaneous Services	$1,264
Arbitration Program	$3,056
Year-to-date total:	$1,652,486

EXPENDITURES

Payroll

Full-Time staff salaries:
Budgeted Amount: $1,170,000
Expended: $662,678

Part-Time staff salaries:
Budgeted Amount: $79,000
Expended: $84,007

Benefits:
Budgeted Amount: $694,000
Expended: $343,877

Operating Expense and Equipment

General Expense (includes equipment, office supplies, dues, legal library, etc.):
Budgeted Amount: $37,000
Expended: $12,334

Travel In-State:
Budgeted Amount: $26,500
Expended: $17,821

Office of Administrative Hearings:
Budgeted Amount: $155,000
Expended: $3,830

Professional Services (Court Reporter):
Budgeted Amount: $8,000
Expended: $3,163

Administrative Service Fee
Budgeted Amount: $100,084
Expended: Will be reflected in May deductions

Encumbrance Balance
$2,633

TOTAL OPERATING EXPENSE AND EQUIPMENT
Budgeted Amount: $231,000
Expenditure Year to Date: $37,951

GRAND TOTAL – Fiscal Year 2025-2026
Beginning Reserve Balance: $1,613,956
Revenue Year to Date: $1,652,486
Expenditure Year to Date: $1,131,146

Memorandum

Date : June 23, 2026

To : FISCAL COMMITTEE
ARDASHES "ARDY" KASSAKHIAN, CHAIR
ANNE SMITH BOLAND, MEMBER

From : KIMBERLEE VAYE
TIMOTHY CORCORAN

Subject : DISCUSSION AND CONSIDERATION OF OUT-OF-STATE TRAVEL PLANS FOR FISCAL YEAR 2026-2027

BACKGROUND

It is the policy of the Board to review and approve all out-of-state travel plans. State policy mandates that out-of-state travel be mission critical or must be beneficial to the state.

CONSIDERATIONS

Due to the timing of the NAMVBC annual conference and the requirement that all Out-of-State travel requests be submitted to DMV Budgets by May 13 to be included in the Out of State Travel request to the Governor's Office, Board staff submitted a blanket travel proposal to DMV for one out-of-state travel opportunity in FY 26/27:

- Four (4) trip requests for one staff, Timothy Corcoran and up to three (3) Board members, to attend the National Association of Motor Vehicle Boards and Commissions (NAMVBC) Annual conference held in Providence, Rhode Island September 29-October 2, 2026.

This conference provides an opportunity to maintain and develop relationships with motor vehicle boards, commissions and departments across the country. Participation in this conference provides insight into other states' concerns and issues in the global automotive industry, including but not limited to international trade and tariffs, warranty labor rate hearings, autonomous vehicles and zero emission vehicles and technology. As a leader in innovation, it is crucial for California to share its experience and learn from others. If the Executive Director and up to three Board members attend staff estimates the expenses will not exceed $7,000.

RECOMMENDATION

None.

If you have any questions prior to the Board Meeting, please contact Kim at (916) 818-2993.

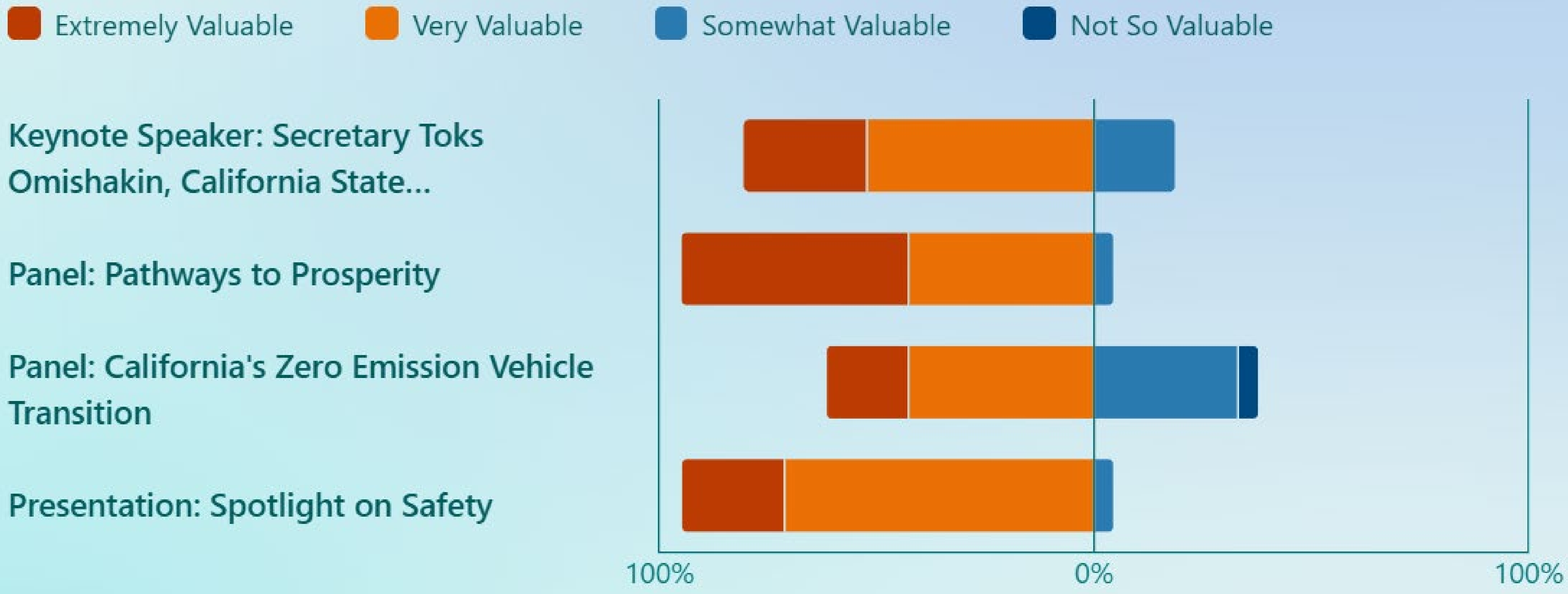
cc: Jacob Stevens, President

Overall, how satisfied are you with the event on 4/8/26?

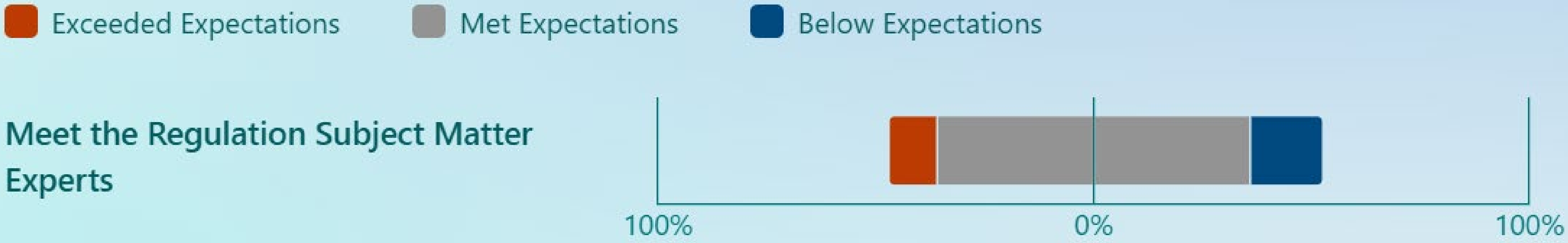
4.19

0%	9%	4%	42%	42%

Feedback on Morning Session: Keynote, Panelists and Speakers



Feedback on Afternoon Session: BAR, CARB, DMV



How likely is it that you would attend a future New Motor Vehicle Board Roundtable and bring a friend or colleague?

What did you like most about the event?

"The Pathways to Prosperity Panel was well run and had a consistent and direct message. It was informative and excellent panel to have."

"The possibility to being able to speak/communicate with agencies that are often hard to reach."

"The chance to interact with attendees and panel members"

"The openess of each speaker and panel, as well as the networking for the State and individuals who attended the conference."

"Getting to meet the representatives of the BAR, CARB and the Pathways to Prosperity panel"

Is there anything else you'd like to share?

"I would have liked for the occupational and registration branches of the DMV to be present. The challenges that dealers are working through are impacted by these two branches. "

"Thank you for putting these meetings together. It's nice to network and see colleagues that I haven't seen in a while. It was great to have BAR with us. I look forward to next year in Sacramento and to learning more. Crossing fingers that OL and Registration will be with us in 2027!"

"It would be handy if there was a remote option or recording for people who can't make the in-person experience. "

"Thank you for putting together such a valuable event. I truly appreciated the opportunity to connect and collaborate with others in the industry. I do wish there had been more time dedicated to Q&A, as it's a critical space for ensuring state agencies fully understand the real gaps in our processes and how they impact our ability to serve the public effectively."

"Please consider quarterly facilitated conversations, it's brainstorming and group discussions toward resolutions at least quarterly. Consider making it a working problem-solving session versus just a notetaking session. Send all the registered attendees the questions with the an-swers from DMV. At future meeting/capls [sic], ensure all departments are present and make it a priority to meet the industry and the public needs."

Memorandum

Date : JUNE 23, 2026

To : GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE
ASHLEY DENA, CHAIR
GARRETT JENSEN, MEMBER

From : KIMBERLEE VAYE

Subject : DISCUSSION OF JURISDICTIONS AND MUNICIPALITIES THAT RECEIVED THE ZEV READINESS AWARD (STRATEGIC PLAN OBJECTIVE 2.7) [Agenda Item 24]

DISCUSSION AND CONSIDERATION OF NEW MOTOR VEHICLE DEALERS THAT TOOK THE EV (ELECTRIC VEHICLE) EXPERT PLEDGE (STRATEGIC PLAN OBJECTIVE 2.7) [Agenda Item 25]

The New Motor Vehicle Board's EV Expert Pledge was launched May 12, 2025 and the Zero Emission Vehicle (ZEV) Readiness Awards were launched July 8, 2025. Pledges and award applicants are accepted on a rolling basis.

The Board continues with the goal of recognizing at least one signatory dealer in each of the 13 Economic Regions of California, as defined by the Governor's Office of Business and Economic Development (GO-Biz):

GO-Biz Region #	Region Name
1	North State
2	Redwood
3	Capital
4	Sierra
5	Bay Area
6	Northern San Joaquin
7	Central San Joaquin
8	Central Coast
9	Kern County
10	Los Angeles County
11	Inland SoCal
12	Orange County
13	Southern Border

As of February 2026, we had 12 EV Expert Pledge signatory dealers, representing five regions of the state (5, 7, 10, 11, and 12). At the July 16, 2026 General Board meeting, 26 additional new motor vehicle dealerships will be presented for consideration, and will include two new regions of the state (3 and 13).

The EV Pledge landing page has been updated with a list of signatories by region along with an updated pledge form that captures more in-depth information from signatories.

Seven ZEV Readiness Award applicants were presented for discussion and consideration at the February 20, 2026, General Meeting Board. All applicants were approved and notified proceeding the meeting. To date, ZEV Readiness Awards have been presented:

- City of Alameda - April 19, Member Allie Schultheis
- City of Carson - April 19, Member Shirley G. Jones
- Fresno County Rural Transit Agency - April 30, Member Ashley Dena
- City of Pasadena - June 8, President Jacob Stevens
- Contra Costa County - June 23, Assistant Director and Equity Officer, Kimberlee Vaye

Pending at time of memo

- San Joaquin Council of Governments - June 25, Member Garrett Jensen
- County of Santa Barbara - July 7, Executive Director Timothy Corcoran

If you have any questions or require additional information, please contact me at (916) 818-2993.

cc: Jacob Stevens, President

Memorandum

Date : JUNE 23, 2026

To : GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE
ASHLEY DENA, CHAIR
GARRETT JENSEN, MEMBER

From : KIMBERLEE VAYE

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- County of Santa Barbara - July 7, Executive Director Timothy Corcoran

If you have any questions or require additional information, please contact me at (916) 818-2993.

cc: Jacob Stevens, President

Memorandum

Date : JUNE 23, 2026

To : POLICY AND PROCEDURE COMMITTEE
JACOB STEVENS, CHAIR
ALLIE SCHULTHEIS, MEMBER

From : TIMOTHY M. CORCORAN
ROBIN P. PARKER

Subject : DISCUSSION AND CONSIDERATION OF PROPOSED REVISIONS TO THE BOARD ADOPTED DELEGATION OF AUTHORITY TO THE EXECUTIVE DIRECTOR TO PROCEED WITH THE RULEMAKING PROCESS TO INCLUDE UPDATING ADDRESSES IN THE BOARD'S REGULATIONS WITHOUT BOARD APPROVAL AS THESE CHANGES ARE WITHOUT REGULATORY EFFECT

The Board's regulations implement, interpret, and make specific the laws it administers in the Vehicle Code. The Board delegated to the Executive Director the ministerial duty of proceeding through the rulemaking process in compliance with the Administrative Procedure Act. (April 26, 2002, General Meeting; August 1, 2025 General Meeting.)

Proposed regulatory amendments and new regulations are reviewed and approved by the Board at a noticed meeting. This includes substantive and non-substantive changes (i.e., changes without regulatory effect). Once the Board approves the proposed text, staff proceed with the rulemaking process, which can be lengthy.

Periodically, addresses need to be revised.[1] Even though address changes are without regulatory effect, it could still take months to update. The proposed changes are considered at a noticed Board meeting. The Board meets every 3-5 months. Once the documents are submitted, the Office of Administrative Law (OAL) has up to 30 working days for its review.[2]

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[1] Section 553.72 (transmittal of fees by mail) lists the Board's address. Section 599 (Article 7. New Motor Vehicle Board – Conflict of Interest Code) has addresses for the Board, the Fair Political Practices Commission, and the Secretary of State.

[2] Subject to the approval of OAL, "an agency may add to, revise or delete text published in the California Code of Regulations without complying with the rulemaking procedure specified . . . only if the change does not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision." (Cal. Code Regs., tit. 1, § 100)

Non-substantive changes do not have an effective date since the changes are without regulatory effect. Once the changes are published, they are part of the California Code of Regulations.

To streamline the process for updating addresses, the staff propose revisions to the existing delegation of authority to the Executive Director to proceed with the rulemaking process to include updating addresses in the Board's regulations without Board approval as these changes are without regulatory effect. Any such changes would be reported at next General Meeting in the Executive Director's Report.

All new and revised Board policies are first reviewed by the Committee on Equity, Justice and Inclusion prior to Board consideration. The Committee will review this matter at its meeting on July 16, 2026. If the Committee approves this expanded delegation of authority to the Executive Director, the full Board will discuss and consider it at the July 16, 2026, General Meeting.

If you have any questions or require additional information, please contact me at (916) 244-6774 or Robin at (916) 244-6776.

Memorandum

Date : JUNE 23, 2026

To : POLICY AND PROCEDURE COMMITTEE
JACOB STEVENS, CHAIR
ALLIE SCHULTHEIS, MEMBER

From : TIMOTHY M. CORCORAN
ROBIN P. PARKER

Subject : DISCUSSION AND CONSIDERATION OF PROPOSED POLICY MAKING BOARD PUBLICATIONS AN EXCEPTION REPORT NOT REQUIRING BOARD APPROVAL WHEN THE ANNUAL UPDATES ARE LIMITED TO THE DATE OF PUBLICATION, COMPOSITION OF BOARD MEMBERS AND STAFF, AND UPDATE ADDRESSES, WEBSITES, OR PHONE NUMBERS

At the first General Meeting of the year, the Board reviews and approves the *Guide to the New Motor Vehicle Board*, *Informational Guide for Manufacturers and Distributors*, and *Export or Sale-for-Resale Prohibition Policy Protest Guide*. The updates, although important, are often not substantive as they pertain to the date of the publication, composition of the Board Members and staff, and update addresses, websites, or phone numbers.

To expedite the publications and make them quickly available to the Board's constituents and the public, staff propose making these non-substantive updates an exception report not requiring Board approval at a noticed meeting. Substantive changes would continue to be reviewed and considered by the Board at a noticed meeting.

If the Board adopts this policy, updates would be reported at the next General Meeting in the Executive Director's Report.

All new and revised Board policies are first reviewed by the Committee on Equity, Justice and Inclusion prior to Board consideration. The Committee will review this matter at its meeting on July 16, 2026. If the Committee approves this policy, the full Board will discuss and consider it at the July 16, 2026, General Meeting.

If you have any questions or require additional information, please contact me at (916) 244-6774 or Robin at (916) 244-6776.

Memorandum

Date : JUNE 23, 2026

To : POLICY AND PROCEDURE COMMITTEE
JACOB STEVENS, CHAIR
ALLIE SCHULTHEIS, MEMBER

From : TIMOTHY M. CORCORAN
ROBIN P. PARKER

Subject : DISCUSSION AND CONSIDERATION OF PROPOSED REGULATORY AMENDMENTS ADDING ELECTRONIC FUNDS TRANSFER (EFT) TO SECTION 553.40 (FILING FEES) OF TITLE 13 OF THE CALIFORNIA CODE OF REGULATIONS

Section 553.40 of Title 13 of the California Regulations pertains to filing fees in protests and petitions. It provides that filing fees can be paid by check or with credit card. However, as previously reported, the Board has not been able to accept payments by credit card for several years due to the absence of a vendor contract.

As part of the Board's Strategic Plan 2024-30, Goal 4.3 provides the Board will adopt a resilient credit, debit, Electronic Funds Transfer (EFT) payment option. The staff in conjunction with Bank of America, the Department of Motor Vehicles, and the California State Treasurer's Office is working to open a Zero Balance Checking Account. This will enable the Board to collect filing fees, the Annual Board Fee paid by manufacturers and distributors, and document request fees via an optional EFT payment. This is timelier than a payer mailing a check to the Board's offices and likely easier. Additionally, there are no fees that are incurred by the Board or payer.

To formalize this, staff propose amending Section 553.40 as follows:

> § 553.40. Filing Fees.
>
> A party filing a request for informal mediation, petition, or protest pursuant to the provisions of this chapter shall simultaneously deliver to the board a filing fee of $200, which is to be in the form of a check or money order payable directly to the board, or ~~a credit card payment~~ <u>an Electronic Funds Transfer (EFT)</u> The initial pleading filed in response to such request for informal mediation, petition, or protest shall also be accompanied by a $200 filing fee. The board, in the discretion of the executive director, may refuse to accept for filing any pleading subject to this section that is not accompanied by the

requisite fee. The executive director may, upon showing of good cause, waive any such fee.

Note: Authority cited: Sections 3016, 3050 and 3050.5, Vehicle Code; and Section 6163, Government Code. Reference: Sections 3050, 3060, 3062, 3064, 3065, 3065.1, 3065.3, 3065.4, 3070, 3072, 3074, 3075, 3076 and 3085,Vehicle Code.

If the Board adopts the proposed regulatory changes, the staff will proceed with the rulemaking process as delineated in Government Code section 11340, et seq. Updates concerning the status of the rulemaking process will be provided at future Board meetings during the Administrative Matters portion of the Executive Director's Report.

This matter is being agendized for discussion and consideration at the July 16, 2026, General Meeting.

If you have any questions or require additional information, please contact me at (916) 244-6774 or Robin at (916) 244-6776.

EXECUTIVE DIRECTOR'S REPORT

July 16, 2026

A.

ADMINISTRATIVE MATTERS

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
ADMINISTRATION COMMITTEE			
1. **Acceptance of Payments Via Electronic Funds Transfer (EFT)** Kim Vaye Administration Committee	As part of the Board's Strategic Plan 2024-30, Goal 4.3 provides the Board will "[a]dopt a resilient credit/debit/EFT [Electronic Funds Transfer] payment option." The staff is working to open a Zero Balance Checking Account, which will enable the Board to collect filing fees, the Annual Board Fee, and document request fees via an optional EFT payment.	July 2026	In progress. This matter will be considered at the July 16, 2026, General Meeting.
Update *Guide to the New Motor Vehicle Board* Tim Corcoran, Robin Parker	Update the *Guide to the New Motor Vehicle Board* to incorporate statutory and regulatory changes.	February 2026	Completed The revised Guide was adopted at the February 20, 2026, General Meeting.
BOARD DEVELOPMENT COMMITTEE			
1. **Schedule Board Member Education Presentations** Tim Corcoran	Develop a schedule for prioritizing topics and speakers for Board member education presentations for upcoming meetings.	Ongoing	In progress. Board education will be presented at each General Meeting.
2. **Solon C. Soteras Employee Recognition Award Recipient** Tim Corcoran	Compile the nominations provided by staff and select a nominee for the Solon C. Soteras Employee Recognition Award.	July 2026	In progress. The nominee will be considered at the July 16, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
COMMITTEE ON EQUITY, JUSTICE AND INCLUSION			
1. **Develop Strategies for Board Consideration** Kim Vaye	Develop strategies for the Board's consideration, which advance California State Transportation Agency's stated goal of "Enhancing the lives of all Californians – particularly people of color and disadvantaged communities…"	Ongoing	In progress. This will be discussed at the July 16, 2026, Committee Meeting.
2. **Charter Review** Kim Vaye	Review the Charter that includes the purpose of the Committee, membership, responsibilities, meetings, equity goals, and deliverables.	Ongoing	In progress. This will be discussed at the July 16, 2026, Committee Meeting.
3. **Annual Review of the Diversity Equity, and Inclusion (DEI) Glossary** Kim Vaye	Annual review of DEI Glossary of Terms to ensure it is accurate and relevant.	July 2026	In progress. This will be reviewed at the July 16, 2026, Committee Meeting.
4. **Review delegation of authority to the Executive Director to update addresses in the Board's regulations without Board approval as these changes are without regulatory effect** Kim Vaye	This delegation will be reviewed by the Committee on Equity, Justice and Inclusion prior to being considered by the Board at its July 16, 2026, General Meeting.	July 2026	In progress. This will be reviewed at the July 16, 2026, Committee Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
5. Review of new policy making Board publications an exception report when the annual updates are limited to the date of publication, composition of the Board Members and staff, and addresses, websites, or phone numbers Kim Vaye	This policy will be reviewed by the Committee on Equity, Justice and Inclusion prior to being considered by the Board at its July 16, 2026, General Meeting.	July 2026	In progress. This will be reviewed at the July 16, 2026, Committee Meeting.
6. Review of proposed policy adding Electronic Funds Transfer (EFT) as an alternative for the payment of filing fees, the Annual Board Fee, and document request fees Kim Vaye	This policy will be reviewed by the Committee on Equity, Justice and Inclusion prior to being considered by the Board at its July 16, 2026, General Meeting.	July 2026	In progress. This will be reviewed at the July 16, 2026, Committee Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
<u>Land Acknowledgments</u> Kim Vaye	Discussion and consideration of Land Acknowledgements. moved to bring this matter to the full Board.	February 2026	<u>Completed</u> The proposed findings and recommendations from the Working Committee on Land Acknowledgments were unanimously moved for Board consideration at the February 19, 2026, Committee meeting and were approved by the Board at the February 20, 2026, General Meeting.
<u>Virtual and Telephonic Access to Public Meetings</u> Kim Vaye	Discussion and consideration of virtual and telephonic access to public meetings.	February 2026	<u>Completed</u> The findings and recommendations from the Working Committee on Virtual and Telephonic Access were unanimously moved for Board consideration at the February 19, 2026, Committee meeting and were approved by the Board at the February 20, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
Vision and Mission Statements Kim Vaye	Discussion and consideration of Vision and Mission Statements	February 2026	Completed The proposed Vision, Mission and Values Statements the Ad Hoc Committee to Review the Mission and Visions Statements developed were unanimously moved for Board consideration at the February 19, 2026, Committee meeting and were approved by the Board at the February 20, 2026, General Meeting.
EXECUTIVE COMMITTEE			
1. **Strategic Plan July 2024 - June 2030** Tim Corcoran, Kim Vaye	Develop and implement the Board's first Strategic Plan encompassing July 2024 through June 2030. Delegate discretion to the Executive Director to implement action items responsive to the objectives in the Strategic Plan.	Ongoing	In progress. The Strategic Plan was adopted at the April 25, 2024, General Meeting and the Executive Director was granted discretion to implement action items.
2. **Consideration of Amendments to Board delegations** Tim Corcoran, Robin Parker	Review and consider amendments to the Board adopted delegations in compliance with the 1996 Performance Audit.	July 2026	In progress. Consider revised delegations at the July 16, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
3. **Update concerning Board's Compliance with 1996 Performance Audit** Tim Corcoran, Robin Parker	Update regarding the Board's compliance with the 1996 Performance Audit and the resultant Corrective Action Plan	July 2026	In progress. An update will be given at the July 16, 2026, General Meeting.
FISCAL COMMITTEE			
1. **Quarterly Financial Reports** Tim Corcoran, Kim Vaye, Suzanne Luke	Quarterly reports on the Board's financial condition and related fiscal matters.	Ongoing	In progress. A status report will be provided at the July 16, 2026, General Meeting.
2. **Status report concerning the Board's collection of the Annual Board Fee** Tim Corcoran, Kim Vaye, Suzanne Luke	The staff will provide a report concerning the Board's collection of the Annual Fee.	Ongoing	In progress. A status report will be provided at the July 16, 2026, General Meeting.
3. **Status Report on the Collection of Fees for the Arbitration Certification Program** Tim Corcoran, Kim Vaye, Suzanne Luke	The staff will provide a report concerning the annual fee collection for the Department of Consumer Affairs, Arbitration Certification Program.	Ongoing	In progress. A status report will be provided at the July 16, 2026, General Meeting.
4. **Proposed Board Budget for the Next Fiscal Year** Tim Corcoran, Kim Vaye, Suzanne Luke	The staff, in conjunction with the Fiscal Committee, will discuss and consider the Board's proposed Budget for fiscal year 2026-2027.	July 2026	In progress. A report will be presented for consideration at the July 16, 2026, General Meeting.
5. **Out-of-State Travel Plans for Fiscal Year 2026-2027** Tim Corcoran, Kim Vaye	The staff will provide a report on proposed out-of-state travel plans for Fiscal Year 2026-2027.	July 2026	In progress. A report will be presented for consideration at the July 16, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE			
1. EV (Electric Vehicle) Export Pledge (CalSTA Core Four) Tim Corcoran, Kim Vaye	Ask new car dealers to pledge to have one EV expert on their sales team. (Strategic Plan Objective 2.4)	Ongoing	In progress. EV Expert Pledge submissions will be considered at the July 16, 2026, General Meeting.
2. Recognition of Jurisdictions and municipalities that are ZEV Ready (CalSTA Core Four) Tim Corcoran, Kim Vaye	Recognize local jurisdictions that demonstrate Zero Emission Vehicle Readiness. (Strategic Plan Objective 2.7)	Ongoing	In progress. A report will be presented at the July 16, 2026, General Meeting on Jurisdictions and municipalities that received the ZEV Readiness Award.
3. Participant Surveys for Industry Roundtable Tim Corcoran, Kim Vaye	Based upon the feedback provided at the Industry Roundtable in the surveys, highlight areas for improvement and develop a preliminary list of suggested topics for a future event.	July 2026	In progress. The feedback will be presented at the July 16, 2026, 2026, General Meeting
Host Board Industry Roundtable Tim Corcoran, Kim Vaye, Robin Parker	Host the Industry Roundtable to highlight the CalSTA Core Four – Safety, Climate Action, Equity, Economic Prosperity.	April 2026	Completed The Industry Roundtable was held on April 8, 2026, in Sacramento.
LEGISLATIVE COMMITTEE			
1. Review of Pending Legislation Tim Corcoran, Robin Parker	The staff will provide an overview of pending legislation of special and general interest, and pending federal legislation, if any.	Ongoing	In progress. An update will be provided at the July 16, 2026, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
POLICY AND PROCEDURE COMMITTEE			
1. **Consideration of proposed revisions to the Board adopted delegation of authority to the Executive Director to proceed with the rulemaking process to include updating addresses in the Board's regulations without Board approval as these changes are without regulatory effect** Tim Corcoran, Robin Parker	The revised delegation will be reviewed by the Committee on Equity, Justice and Inclusion prior to being considered by the Board at its July 16, 2026, General Meeting.	July 2026	In progress. The delegation of authority will be considered at the July 16, 2026, 2026, General Meeting.
2. **Consideration of proposed policy making Board publications an exception report not requiring Board approval when the annual updates are limited to the date of publication, composition of Board Members and staff, and update addresses, websites, or phone numbers** Tim Corcoran, Robin Parker	The proposed policy will be reviewed by the Committee on Equity, Justice and Inclusion prior to being considered by the Board at its July 16, 2026, General Meeting.	July 2026	In progress. The new policy making Board publications an exception report as specified will be considered at the July 16, 2026, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
3. **<u>Draft Proposed Regulatory Amendments Adding Electronic Funds Transfer (EFT) to Section 553.40 (Filing Fees)</u>** Tim Corcoran, Robin Parker	In compliance with the Administrative Procedure Act, amend Section 553.40 of the Board's regulations to delete the reference to "credit card payment" and add "Electronic Funds Transfer (EFT)." This is consistent with Goal 4.3 of the Board's Strategic Plan 2024-30: the Board will "[a]dopt a resilient credit/debit/EFT [Electronic Funds Transfer] payment option."	July 2026	In progress. The proposed amendments will be considered at the July 16, 2026, General Meeting.
<u>Report on the Assignment of Cases to Board Administrative Law Judges</u> Tim Corcoran, Robin Parker	Annual report on the assignment of cases to Board Administrative Law Judges ("ALJs").	February 2026	<u>Completed</u> A report on the assignment of cases to Board ALJs was presented at the February 20, 2026, General Meeting.
<u>Update the *Informational Guide for Manufacturers and Distributors*</u> Tim Corcoran, Robin Parker	Update the *Informational Guide for Manufacturers and Distributors*.	February 2026	<u>Completed</u> The revised Guide was approved at the February 20, 2026, General Meeting.
<u>Update the *Export or Sale-For-Resale Prohibition Policy Guide*</u> Tim Corcoran, Robin Parker	Update the *Export or Sale-For-Resale Prohibition Policy Guide* for Vehicle Code section 3085 protests filed by an association, as defined.	February 2065	<u>Completed</u> The revised Guide was approved at the February 20, 2026, General Meeting.

Project Title/Manager	Project Goal (Description)	Estimated Completion Date	Status
<u>Promulgate Amendments to Increase the Annual Board Fee in Sections 553 and 553.20 of Title 13 of the California Code of Regulations</u> Robin Parker	In compliance with the Administrative Procedure Act, amend Sections 553 and 553.20 of the Board's regulations to increase the fees paid by dealers, manufacturers, and distributors to fully fund the Board's operation.	February 2026	<u>Completed</u> The Board approved the text at the November 1, 2024, General Meeting. OAL approved the rulemaking on February 10, 2026, with an effective date of April 1, 2026.
AD HOC COMMITTEE TO REVIEW THE MISSION AND VISION STATEMENTS			
<u>Revise the Board's Mission and Vision Statements</u> Tim Corcoran, Kim Vaye	Review updated vision, mission and value statements.	February 2026	<u>Completed</u> The proposed Vision, Mission and Values Statements the Ad Hoc Committee to Review the Mission and Visions Statements developed were unanimously moved for Board consideration at the February 19, 2026, Committee meeting and were approved by the Board at the February 20, 2026, General Meeting.

B.

CASE MANAGEMENT

CASE VOLUME

February 3, 2026, through June 26, 2026

VEHICLE CODE SECTION	CASE TYPE	NUMBER OF NEW CASES	NUMBER OF RESOLVED CASES	NUMBER OF PENDING CASES
3060	Termination	1	1	6
3060	Modification	0	3	0
3062	Establishment	0	0	0
3062	Relocation	1	1	4
3062	Off-Site Sale	0	0	0
3064	Delivery/Preparation Obligations	0	0	0
3065	Warranty Reimbursement	0	1	4
3065.1	Incentive Program Reimbursement	2	0	2
3065.3(a)	Performance Standard	2	0	3
3065.3(d)	Competing with Dealer	14	0	14
3065.4	Retail Labor Rate or Retail Parts Rate	1	0	1
3070	Termination	0	0	0
3070	Modification	0	0	0
3072	Establishment	0	0	0
3072	Relocation	0	0	0
3072	Off-Site Sale	0	0	0
3074	Delivery/Preparation Obligations	0	0	0
3075	Warranty Reimbursement	0	0	0
3076	Incentive Program Reimbursement	0	0	0
3085	Export or Sale-For Resale	0	0	0
3050(b)	Petition	0	0	0
	TOTAL CASES:	21	6	34

PENDING CASES

BY CASE NUMBER

ABBREVIATIONS			
ALJ	Administrative Law Judge	**Bd. Mtg.**	Board Meeting
HRC	Hearing Readiness Conference	**IFU**	Informal Follow-Up
MH	Merits Hearing	**CMH**	Continued Merits Hearing
RMH	Resumed Merits Heading	**MSC**	Mandatory Settlement Conference
CMSC	Continued Mandatory Settlement Conference	**RMSC**	Resumed Mandatory Settlement Conference
MTCP	Motion to Compel Production	**MTC**	Motion to Continue
MTD	Motion to Dismiss	**PHC**	Pre-Hearing Conference
CPHC	Continued Pre-Hearing Conference	**RPHC**	Resumed Pre-Hearing Conference
PD	Proposed Decision	**RFPD**	Requests for Production of Documents
PSDO	Proposed Stipulated Decision and Order	**ROB**	Rulings on Objections
CROB	Continued Rulings on Objections	**RROB**	Resumed Rulings on Objections
SC	Status Conference	**CSC**	Continued Status Conference
*** Consolidated, non-lead case**			

PROTESTS

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
1.	PR-2858-24 8-13-24	HRC: 10-6-26 MH: OAH	Jasper Auto Group, Inc. dba Victorville Hyundai, a California corporation v. Hyundai Motor America, a California corporation	Protestant: Bert Rasmussen, Julie Pearson Respondent: John Streelman, Rachel Sternlieb, Mariah Emmons	Termination
2.	PR-2859-24 9-13-24	HRC: 8-17-26 Phase Two of bifurcated hearing: OAH	Raceway Ford, Inc. dba Raceway Ford v. Ford Motor Company	Protestant: Gavin Hughes, Robert Mayville Respondent: Elizabeth McNellie, Jeremiah Wood, Marcus McCutchen	Performance Standard
3.	PR-2860-24 12-19-24	Parties are working on settlement IFU: 6-29-26	Sunroad Auto LLC d/b/a Kearny Mesa Kia, California limited liability company v. Kia America, Inc., a California corporation	Protestant: Aaron H. Jacoby, Susanne L. Boniadi Respondent: Lauren A. Deeb	Termination

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
4.	PR-2862-25 1-23-25	HRC: 9-10-26	Hanlees Seven, Inc., dba Genesis of Richmond v. Genesis Motor America	Protestant: Gavin Hughes, Robert Mayville Respondent: John Streelman, Rachel Sternlieb, Mariah Emmons	Termination
5.	PR-2874-25 11-25-25	CPHC: 7-8-26	Rusnak/ Pasadena dba Bentley Pasadena, A California Corporation v. Bentley Motors, Inc., A Delaware Corporation	Protestant: Halbert Rasmussen, Julie S. Pearson, Ryan Evans Respondent: Owen Smith, David Lurie, Olivia Glass	Termination
6.	PR-2875-25 12-5-25	HRC: 8-3-26 MH: OAH	Martin’s Auto Group Inc. dba Oxnard Mitsubishi v. Mitsubishi Motors North America, Inc.	Protestant: John K. Rounds, Randall V. Sutter, Charles A. Thornburg Respondent: Brandon Bigelow, Bill Benson	Termination

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
7.	PR-2876-25 12-12-25	IFU: 6-29-26	DPEP 7 Inc dba Pedder CDR + J of Poway v. FCA US LLC (Chrysler)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Warranty
8.	PR-2877-25* 12-12-25	IFU: 6-29-26	DPEP 7 Inc dba Pedder CDR + J of Poway v. FCA US LLC (Dodge)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Warranty
9.	PR-2878-25* 12-12-25	IFU: 6-29-26	DPEP 7 Inc dba Pedder CDR + J of Poway v. FCA US LLC (Jeep)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Warranty
10.	PR-2879-25* 12-12-25	IFU: 6-29-26	DPEP 7 Inc dba Pedder CDR + J of Poway v. FCA US LLC (RAM)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Warranty
11.	PR-2880-25 12-29-25	Parties working on resolution and proposed schedule IFU: 6-30-26	Leehan of Davis Inc., dba Hanlee's Chrysler Dodge Jeep RAM v. FCA US LLC (Chrysler)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Relocation

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
12.	PR-2881-25* 12-29-25	Parties working on resolution and proposed schedule IFU: 6-30-26	Leehan of Davis Inc., dba Hanlee's Chrysler Dodge Jeep RAM v. FCA US LLC (Dodge)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Relocation
13.	PR-2882-25* 12-29-25	Parties working on resolution and proposed schedule IFU: 6-30-26	Leehan of Davis Inc., dba Hanlee's Chrysler Dodge Jeep RAM v. FCA US LLC (Jeep)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Relocation
14.	PR-2883-25* 12-31-25	Parties working on resolution and proposed schedule IFU: 6-30-26	Leehan of Davis Inc., dba Hanlee's Chrysler Dodge Jeep RAM v. FCA US LLC (RAM)	Protestant: Gavin Hughes, Robert Mayville Respondent: Mark Clouatre	Relocation
15.	PR-2884-26 2-18-26	Parties working on settlement IFU: 7-13-26	Nextmotors Corporation, dba Oakland Kia v. Kia America Inc.	Protestant: Gavin Hughes, Robert Mayville Respondent: Lauren Deeb	Termination
16.	PR-2885-26 2-20-26	Parties working on settlement IFU: 6-29-26	Monterey Motors, Inc., dba Jaguar Land Rover Monterey v. Jaguar Land Rover North America LLC [Jaguar]	Protestant: Gavin Hughes, Robert Mayville Respondent: Colm Moran	Franchisor Incentive

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
17.	PR-2886-26* 2-20-26	Parties working on settlement IFU: 6-29-26	Monterey Motors, Inc., dba Jaguar Land Rover Monterey v. Jaguar Land Rover North America LLC [Land Rover]	Protestant: Gavin Hughes, Robert Mayville Respondent: Colm Moran	Franchisor Incentive
18.	PR-2887-26 3-26-26	Parties mediating IFU: 7-13-26	McKenna Motor Company, Inc. dba McKenna BMW, a California corporation v. BMW of North America, LLC a Delaware limited liability company	Protestant: Aaron Jacoby, Susanne Boniadi, Michael P. McMahan Respondent: Kirk A. Peterson	Performance Standard
19.	PR-2889-26 4-2-26	Parties mediating IFU: 7-13-26	McKenna Motor Torrance Inc. dba McKenna South Bay BMW, a California corporation v. BMW of North America, LLC a Delaware limited liability company	Aaron Jacoby, Susanne Boniadi, Michael P. McMahan Respondent: Kirk A. Peterson	Performance Standard

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
20.	PR-2890-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Mission Volkswagen Inc. dba Capistrano Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
21.	PR-2891-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Community Auto Group Inc. dba Community Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
22.	PR-2892-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-267	NAG Auto 1, LLC dba Covina Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
23.	PR-2893-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Cornelius Bros LLC dba Dublin Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
24.	PR-2894-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	R L Niello Co Inc. dba Niello Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
25.	PR-2895-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Shayco, Inc. dba Ontario Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
26.	PR-2896-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Mathew Enterprise Inc. dba Serramonte Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
27.	PR-2897-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Corbro LLC dba Stevens Creek Volkswagen v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
28.	PR-2898-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Team Volkswagen of Hayward Corporation dba Team Volkswagen of Hayward v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
29.	PR-2899-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	CLVW LLC dba Volkswagen of Clovis v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
30.	PR-2900-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	County Wide Rambler Inc. dba Volkswagen of Garden Grove v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
31.	PR-2901-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Oakland Auto Ventures Inc. dba Volkswagen of Oakland v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
32.	PR-2902-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	TOV Motors Inc. dba Volkswagen Thousand Oaks v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer
33.	PR-2903-26 4-29-26	Amended protest being filed removing the Scout Respondents and modifying the prayer for relief. Separate protest to be filed against Scout Motors Inc. IFU: 7-14-26	Trans Ocean Motor Co Inc dba Volkswagen Pasadena v. Volkswagen Group of America, Inc., Scout Motors Inc., Scout Motors Sales LLC	Protestant: Tim Robinett, Gary Prudian, Joe Berberich Respondent Volkswagen: Paul Collins, Steven McFarland, Christopher Genovese Respondent Scout: Billy M. Donley Alex E. Spjute, Marcus McCutcheon	Franchisor competing with dealer

	CASE NUMBER/ DATE FILED	STATUS	PROTEST NAME	COUNSEL	CASE TYPE
34.	PR-2904-26 5-18-26	The protest did not settle at the 6-25-26 MSC; Parties to select dates for discovery IFU: 7-8-26	KPAuto, LLC, dba Putnam Ford Burlingame v. Ford Motor Company	Protestant: Gavin Hughes, Robert Mayville Respondent:	Retail Labor Rate

PETITIONS

CASE NUMBER/ DATE FILED	STATUS	PETITION NAME	COUNSEL

C.

JUDICIAL REVIEW

Either the Protestant/Petitioner/Appellant or Respondent seeks judicial review of the Board's Decision or Final Order by way of a petition for writ of administrative mandamus (Code of Civil Procedure section 1094.5). The writ of mandamus may be denominated a writ of mandate (Code of Civil Procedure section 1084).

1. KPAUTO, LLC, DBA PUTNAM FORD OF SAN MATEO v. CALIFORNIA NEW MOTOR VEHICLE BOARD; FORD MOTOR COMPANY
   Court of Appeal, First Appellate District, Division 1, No. A175485, A175485
   San Mateo County Superior Court No. 24-CIV-05035
   New Motor Vehicle Board No. CRT-283-24
   Protest No. PR-2759-21

   In December 2021, KPAuto, LLC, dba Putnam Ford of San Mateo's (Putnam Ford) filed a Retail Labor Rate protest pursuant to Vehicle Code section 3065.4. Putnam Ford argued its current warranty labor reimbursement rate was significantly below its effective labor rate charged to retail customers. Putnam Ford requested an adjusted retail rate of $436.76 per hour in July 2021. Ford Motor Company (Ford) denied this request because it was alleged to be double the rate being charged by other Ford dealers in the market and it claimed the submission was inaccurate or fraudulent. Ford proposed an adjusted retail labor rate of $220.00. This was an increase from the $177 per hour retail labor rate.

   An 8-day Zoom merits hearing was held before Administrative Law Judge Wim van Rooyen of the Office of Administrative Hearings in September 2023. In the Proposed Decision, the ALJ determined that Ford had shown by a preponderance of the evidence that Putnam Ford's submission and determination of its retail labor rate were materially inaccurate. The Proposed Decision overruled Putnam Ford's protest. At the June 28, 2024, Special Meeting, the Public Members adopted the Proposed Decision as amended as its final Decision.

   Putnam Ford filed a Verified Petition for Writ of Administrative Mandate (Petition) on August 12, 2024. The Board was served on August 28, 2024. A copy of the administrative record was provided.

   Putnam Ford contends that the Board:

   - Denied Putnam Ford a fair hearing and prejudicially abused its discretion by failing to proceed in the manner required by law.
   - Denied Putnam Ford a fair hearing and violated Putnam Ford's due process rights.
   - Prejudicially abused its discretion by failing to proceed in the manner required by law.

   Putnam Ford seeks the issuance of a peremptory writ of administrative mandate directing the Board to set aside and vacate its Decision and to adopt and issue a new and different decision sustaining the protest. In the alternative, the issuance of a writ of administrative mandate directing the Board to set aside and vacate its Decision and remand this case to the Board to consider evidence which in the exercise of reasonable diligence, could not have been produced or that was improperly excluded at the hearing.

President Kassakhian determined that there is not a state interest at issue in the writ so the Board will not participate via the Attorney General's Office.

On September 23, 2024, Petitioner filed Notice of Board's intent not to appear. On October 3, 2024, Real Party in Interest filed its Answer. At the January 22, 2025, hearing on the parties' First Joint Motion to Seal Exhibit A, the court denied the motion without prejudice. At the January 29, 2025, Case Management and Trial Setting Conference, the parties stipulated to, and the court ordered, the following dates:

- Petitioner's Opening Brief - Friday, April 18, 2025 . . . amended to May 9, 2025;
- Joint Appendix listing and containing regularly cited portions of the administrative record - Friday, April 18, 2025 . . . amended to May 9, 2025;
- Real Party in Interest's Opposition Brief - June 20, 2025 . . . amended to July 11, 2025;
- Petitioner's Reply Brief - Friday, August 8, 2025 . . . amended to August 29, 2025.

At the April 2, 2025, hearing on the parties' Second Joint Motion to Seal Exhibit A, the court denied the motion without prejudice. At the August 13, 2025, hearing on the Third Joint Motion to Seal Exhibit A, the court adopted its tentative ruling and granted the motion to seal.

On August 29, 2025, Petitioner filed its Motion for Leave to Amend to Filed First Amended Writ Petition. The effect of the amendment is to place at issue in this Petition proceeding the legal issue of whether the Board failed to proceed in the manner required by law when it precluded Putnam from offering evidence Ford violated Section 3065.2(i)(2)(G) through its retaliatory audit of Putnam. Petitioner argues leave to amend is necessary and proper because Ford first disputed in the Labor Rate Protest that it engaged in any retaliatory adverse conduct towards protestant. Ford argued that Putnam will have the opportunity to litigate that issue in the warranty audit protest (PR-2826-23). Then in the warranty audit protest, Ford disputed Putnam could litigate that issue. The Board issued a final Decision in PR-2826-23 precluding Putnam from raising the Section 3065.2(i)(2)(G) claims. Furthermore, Petitioner contends the Board further failed to proceed in the manner required by law when it precluded Putnam from presenting evidence and argument of Ford's adverse action against Putnam Ford in the form of a nonroutine and nonrandom warranty audit Ford conducted in response to Putnam Ford's labor rate submission and Section 3065.4 Protest. The hearing set for January 7, 2026, was vacated by the Court.

On September 5, 2025, Petitioner filed an *Ex Parte* Application to Advance Hearing on Motion for Leave to Amend and Continue Hearing on Writ Petition. The Application seeks to continue the hearing on the Writ Petition from October 8, 2025, to January 7, 2026, and advance the Motion for Leave to Amend hearing from January 7, 2026, to October 8, 2025. The hearing on the Application set for September 18, 2025, was continued to September 25, 2025. The Court denied the application, advances the motion for leave to amend, and denies the motion for leave to amend.

At the October 8, 2025, hearing on the Writ Petition, Petitioner KPAuto, LLC, dba Putnam Ford of San Mateo's request for a writ of administrate mandate, pursuant to Code of Civil Procedure, section 1094.5 was granted in part and denied in part. The parties were served on November 7, 2025. An amended order was issued on November 18, 2025. The only difference is a correction to a reference to "3095.2" in the original version which became the intended citation "3065.2" in the amended version.

Putnam Ford provided the Board with an electronic service copy of a notice of appeal on December 13, 2025, and a second notice of appeal on January 14, 2026. Notices designating the record on appeal were submitted on January 14, 2026, and January 23, 2026. On February 2, 2026, the Court of Appeal, First Appellate District, Division 1, assigned case no. A175485 to the first notice of appeal (11/7/25 order) and case no. A175487 to the second notice of appeal (11/18/25 amended order). On January 13, 2026 and January 23, 2026, Ford filed cross-appeals.

On February 13, 2026, Ford substituted Horvitz & Levy LLP in place of Greenberg Traurig, LLP as counsel of record. Additionally, the parties jointly proposed the following briefing sequence in this appeal:

- Putnam Ford files its opening brief 100 days after the record is filed, which was filed 4-13-26. The brief is due 7-22-26.
- Ford Motor Co. files its combined respondent's and cross-appellant's opening brief 90 days after Putnam files its first brief.
- Putnam Ford files its combined appellant's reply and cross-respondent's brief 90 days after Ford files its first brief.
- Ford Motor Co. files its cross-appellant's reply brief 80 days after Putnam files its second brief.

The parties stipulated to consolidate the two appeals and cross-appeals. On February 24, 2026, the Court consolidated the appeals and accepted the parties joint briefing sequence. The administrative record has been filed and Appellant's opening brief is due July 22, 2026.

2. <u>KM3G, INC., DOING BUSINESS AS PUTNAM KIA OF BURLINGAME</u> v. <u>CALIFORNIA NEW MOTOR VEHICLE BOARD; KIA AMERICA, INC.</u>
Sacramento County Superior Court No. 25WM000170
New Motor Vehicle Board Court No. CRT-284-25
Protest No. PR-2803-22

On September 15, 2022, KM3G, Inc., doing business as Putnam Kia of Burlingame (Putnam Kia) filed a Vehicle Code section 3065.4 protest disputing Kia America Inc.'s (Kia) denial of its submission for an increased retail labor rate. Putnam Kia requested an adjusted retail labor rate of $447.52 per hour in March 2022. Kia denied this request as it was materially inaccurate and potentially fraudulent. Kia proposed an adjusted retail labor rate of $268.89. This was an increase from $225.30 per hour. Pursuant to Vehicle Code section 3065.4, Putnam Kia argued Kia failed to comply with Vehicle Code section 3065.2 by denying its submission for an increased labor rate. Putnam Kia used time allowances identified as sold hours on its repair orders to make its calculations.

A 9-day Zoom merits hearing was held before Administrative Law Judge (ALJ) Diana Woodward Hagle on October 9-13, 2023, and February 12-15, 2024. At the November 1, 2024, Special Meeting, the Board remanded the ALJ's Proposed Decision for additional briefing and/or to open the record for additional evidence or testimony for the purpose of making a determination pursuant to subdivision (a) of Section 3065.4 "for a declaration of the franchisee's retail labor rate." Additionally, for the ALJ to reconsider paragraphs 161-174 in the subheading entitled "[t]he Consequences of Putnam's Failure to Conform its Submission to the Express Requirements of Section 3065.2" and paragraph 120. The Remand Hearing was held May 12-14, 2025. At the Remand Hearing, expert witnesses testified regarding a declaration of the franchisee's retail labor rate pursuant to Vehicle Code section 3065.4(a). Kia's expert's proposed retail labor rate was $268.85/hour. Putnam Kia's expert's proposed retail labor rate at the conclusion of the Remand Hearing was $322.96/hour.

At the August 1, 2025, Special Meeting, the Public Members of the Board adopted ALJ Woodward Hagle's Proposed Decision Following Remand as amended. The Board overruled the protest and determined that:

a. Kia complied with Section 3065.2 by timely responding to Putnam Kia's submission in conformity with statutory requirements.
b. The phrase actual hours is the correct interpretation of the word hours in the statutory phrase "the total number of hours that generated those [labor] charges." Putnam Kia's use of sold hours in its calculations was materially inaccurate.
c. Kia established that by using "sold hours," Putnam Kia inaccurately claimed that $440/hour was the labor rate it generally charged its customers for retail repairs, then submitted that claim as a basis for a higher warranty labor rate from Kia.
d. The Board declared a retail labor rate of $268.85/hour for Putnam Kia.

Putnam Kia filed a Verified Petition for Writ of Administrative Mandate (Petition) on September 18, 2025 and the Board was served on September 26, 2025. Kia acknowledged service on October 16, 2025. A copy of the administrative record has been requested but will take time to prepare.

Putnam Kia contends:

- The Board in error determined that the statutory phrase "the total number of hours that generated those charges" means actual technician hours.
    - Such hours are not used to price customer pay repairs, are unlawful when pricing customer repairs, and are not relied on by Kia in any other statutory labor rate submission.
    - Billed or sold hours should be used.

- The Board's Decision erred as a matter of law when it relieved Kia of its statutory burden of proof to show it complied with Section 3065.2 including when providing a proposed adjusted retail labor rate.

- The Board failed to provide it a fair trial and abused its discretion in reaching the Decision.

- The Board failed to proceed in the manner required by law, the Decision is not supported by the findings, and the findings are not supported by the evidence.

Putnam Kia seeks:

- The issuance of a peremptory writ of administrative mandate directing the Board to set aside and vacate its Decision and to adopt and issue a new and different decision sustaining the protest.

- In the alternative, the issuance of a writ of administrative mandate directing the Board to set aside and vacate its Decision and remand this case to the Board with the direction to take further findings on the evidence improperly excluded during the Remand Hearing and to calculate a retail labor rate based on the sold hours in the repair orders.

- Putnam Kia asserts that even if the Court determines actual hours are the total number of hours that generated those charges, the Court should still issue a writ of administrative mandamus directing the Board to take further findings on the evidence improperly excluded during the Remand Hearing and to calculate a retail labor rate working from and correcting Kia's proposed adjusted retail labor rate which supports a $350.35 per hour retail labor rate, or otherwise reach a retail labor rate for Putnam that complies with Section 3065.2.

President Stevens determined that there is not a state interest at issue in the writ so the Board will not participate via the Attorney General's Office. The parties were notified of this decision on October 29, 2025. The Administrative Record was available on December 8, 2025. On March 20, 2026, Petitioner served electronic copies of the administrative record.

The parties stipulated to the following schedule and hearing date:

- Petitioner's Opening Brief shall be filed and served on or before Friday, July 31, 2026 (111 days prior to the hearing on the Petition);
- Real Party in Interest's Opposition Brief shall be filed and served on or before Tuesday, September 29, 2026 (51 days prior to the hearing on the Petition);
- Petitioner's Reply Brief shall be filed and served on or before Thursday, October 29, 2026 (21 days prior to the hearing on the Petition).
- November 19, 2026, hearing, at 1:30 p.m. Dept. 3AB

NOTICES FILED

PURSUANT TO VEHICLE CODE SECTIONS
3060/3070 AND 3062/3072
FEBRUARY 3, 2026, THROUGH JUNE 26, 2026

These are generally notices relating to termination or modification (Sections 3060 and 3070) and establishment, relocation, or off-site sales (Sections 3062 and 3072).

SECTIONS 3060/3070

Manufacturer	Number of Notices
BMW/Mini	
Ford	
GM (Buick, Cadillac, Chevrolet, GMC)	8
Honda/Acura	1
Hyundai/Genesis	1
Kia	
Nissan/Infiniti	
Stellantis (Chrysler, Jeep, Dodge, RAM,)	
Stellantis (Alfa Romeo, FIAT)	
Stellantis (Maserati)	
Subaru	
Toyota/Lexus	
Volkswagen/Audi	
Miscellaneous Car/Heavy Duty Truck	
Miscellaneous Motorcycles/ATVs	3
Miscellaneous Recreational Vehicle	1
Total	**14**

SECTIONS 3062/3072

Manufacturer	Number of Notices
BMW	
Ford	
GM (Buick, Cadillac, Chevrolet, GMC)	
Honda/Acura	
Hyundai/Genesis	
Kia	
Nissan/Infiniti	1
Stellantis (Chrysler, Jeep, Dodge, RAM)	
Stellantis (Alfa Romeo, FIAT)	
Stellantis (Maserati)	
Subaru	
Toyota/Lexus	
Volkswagen/Audi	
Miscellaneous Car/Heavy Duty Truck	16
Miscellaneous Motorcycles/ATVs	
Miscellaneous Recreational Vehicle	
Total	**17**