

## **Flood-damaged cars may reach market in Ohio**

### **Buyers advised to ask questions**

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**Used-car buyers, beware:** Hurricane Katrina-damaged vehicles are likely to flood the market - even in Ohio, experts say.

Nearly a half-million cars and trucks were damaged or totaled by the hurricane, or 10 percent of the vehicles in the Gulf region, the Greater Cleveland Automobile Dealers' Association said.

The group is warning motorists that some vehicles could land in Ohio and be sold through usedcar dealers or private sellers. In some cases, the dealers might not even know they are selling flood-damaged cars.

"I have not heard of any evidence yet of it in Ohio, but after every other hurricane or disaster, we've had cars end up here," association President Gary Adams said.

"The thing about Katrina is almost a half-million vehicles were damaged. That is a heck of a lot of vehicles that could be in car lots."

The reason it can happen? Adams said about half the states - including Ohio - have laws that require a car's title to designate that it has been damaged in a flood. The other half have ambiguous designations, such as "rebuilt salvage," or do not require any designation.

The inconsistencies have led to a practice known as title washing. "You can manipulate the process to the point that a vehicle's past sins are basically expunged from the title," said Jason King, spokesman for the American Association of Motor Vehicle Administrators in Arlington, VA.

It works like this:

A vehicle from Louisiana is bought from a salvage yard or an insurance company with a flood-damage designation. It is taken to another state, where a new title is obtained.

The car then is put up for sale in Ohio, where its title now appears to be clean and has no connection to Louisiana. After Katrina, consumers should "be aware that there may be some things coming into the market that are improperly titled," said Michelle Gatchell, spokeswoman for Ohio Attorney General Jim Petro.

Ohio consumers have some protections and tools. "If a dealer sells a car that they know is damaged, they will have to tell you," said Fred Stratmann, spokesman for the Ohio Bureau of Motor Vehicles. "But if you buy it in a casual sale, it definitely is on you to inquire."

Ohio's lemon law does not apply because it pertains to vehicles that are less than a year old. But dealers can face fines of up to \$25,000 for failing to provide an accurate title history, Gatchell said.

In such instances, the consumer should notify the attorney general's consumer fraud division. Consumers also can get restitution because they typically pay more than the cars are worth.

If the car is bought in a private sale, the buyer has little recourse other than to sue. The state recommends consumers do a free title search through the bureau's web site at [www.bmv.ohio.gov](http://www.bmv.ohio.gov) or at the county clerk of courts. Those tools, however, will only show a history on a car titled in Ohio.

To get a better sense of title history in other states, state officials recommend CARFAX-.com, which provides information for a fee.

King's group is pushing states to join its national database in which title histories from each state can be accessed immediately.

The problem is only nine states, including Ohio, are participants. Five more could join by year's end. The system helps states avoid issuing clean titles on damaged vehicles from other states.

Adams said auto dealers also need to be on the lookout. "Someone trying to pull a fast one will buy a number of these cars," Adams said. "They will end up being wholesaled in Ohio. Even some new car dealers could mistakenly buy them."