

August 13, 2010

Scott Painter, CEO
ZAG.com
525 Broadway; 3rd Floor
Santa Monica, California 90401

Dear Mr. Painter:

Two years ago, we wrote to Heather Berendt of ZAG.com explaining to her that in Virginia it is unlawful for dealers to compensate anyone other than a licensed salesperson in connection with the sale of a motor vehicle. See the enclosed letter to Ms. Berendt.

Recently, it was brought to my attention that ZAG pays dealers on a per sale basis. I reviewed your WEB site and it does state that "Zag only charges when a sale is transacted". This model appears to be contrary to Virginia law. Virginia Code Section 46.2-1537 states:

Prohibited solicitation and compensation.

It shall be unlawful for any motor vehicle dealer or salesperson licensed under this chapter, directly or indirectly, to solicit the sale of a motor vehicle through a pecuniarily interested person, or to pay, or cause to be paid, any commission or compensation in any form whatsoever to any person in connection with the sale of a motor vehicle, unless the person is duly licensed as a salesperson employed by the dealer. It shall also be unlawful for any motor vehicle dealer to compensate, in any form whatsoever, any person acting in the capacity of a salesperson as defined in § 46.2-1500 unless that person is licensed as required by this chapter.

For additional information, please visit our WEB site at www.mvdb.virginia.gov and click on "About Us", then on "Reports" and then on "Internet Task Force Policy".

If a Virginia dealer pays you a fee in connection with the sale of a motor vehicle, that dealer would be in violation of Virginia Law and could be levied a civil penalty of up to \$1,000 and possibly have their license suspended or revoked. I urge you to discontinue making your service available to Virginia dealers until such time as it is been modified to be in compliance with Virginia law.

If you have any questions, do not hesitate to call me at 804-367-1100; ext 3002.

Sincerely,

Bruce Gould
Executive Director

bg

Attachments