

**BUSINESS REGULATION UNIT
DEALER INVESTIGATION TEAM**

DATE: July 9, 2010

REPORT TYPE: Request for Civil Penalty; Unlicensed Dealer

SUBJECT OF REPORT:

Nicholas Butkovich
11228 SE Causey Cir
Happy Valley, OR 97086
503 789-5879

ODL: 8992451

INVESTIGATOR:

Robb McCracken
1905 Lana AV NE
Salem, OR 97314
Tel: 503 945-5286

NARRATIVE:

On 05/05/2010 I was advised by DMV media relations that Kerry Tomlinson of KATU television was doing research for an investigative report on Nicholas Butkovich. Tomlinson was investigating Butkovich as an unlicensed vehicle dealer. **(Exhibit A-1)**

I reviewed my records on Nicholas Butkovich. In November of 2008 I completed an unlicensed dealer investigation on Nicholas Butkovich requesting Butkovich be fined \$52,500.00 for 21 violations of ORS 822.005(1)(a)(b)(c), acting as a vehicle dealer without a valid current dealer certificate. The civil penalty became a final order on January 30, 2009. **(Exhibit A-2)**

From my previous investigation I learned Butkovich purchased vehicles from towing auctions, advertised the vehicles on Craig's List then sold the vehicles as a private citizen. In May of 2010 I contacted Speeds Towing and Sergeants Towing. Neither business had records of Butkovich purchasing vehicles from the auctions.

The phone number I had as Butkovich's phone number was 503 789-5879. A computer search of that phone number showed several vehicles being displayed for sale in the past few months on Craig's List. **(Exhibit A-3)**

On June 8, 2010 KATU television aired their investigation of Butkovich and published the story on their website **(Exhibit A-4)**. In summary KATU witnessed Butkovich attempt to sell a 1981 Delorean in a parking lot. As I viewed the video clip I saw the vehicle had a Washington State personalized plate, HAGWOOD. KATU interviewed Butkovich on camera. Butkovich denied acting as an unlicensed dealer.

On 06/23/10 Ron Kramer provided me with a list of vehicles Kerry Tomlinson obtained from neighbors of Butkovich as vehicles Butkovich was trying to sell. Kramer also provided me with the VIN number for the 1981 Delorean, VIN: SCEDT26T3BD005085.

**2002 Honda OR, License Plate, 006-DZU VIN: 1HGCG56462A140729
(Exhibit A-5)**

On 06/24/10 Steve McArthur, owner of Gasoline Alley, DA2464 contacted DMV investigator Larry Purdy advising Purdy he sold a vehicle to Nicholas Butkovich on 03/16/10 and believed the odometer on the vehicle was lowered. McArthur provided Purdy with the bill of sale, odometer disclosure, copy of the title, and the Craig's List ad he submitted.

McArthur said when he sold the vehicle to Nicholas Butkovich the vehicle had 159,337 miles on the odometer. McArthur said he was later contacted by Dallas Auto Wrecking INC, DA1581 whom Gasoline Alley originally purchased the vehicle from, and was advised the odometer on the vehicle may have been turned back since he sold the vehicle.

Statement of Martin Blackwell: The Carfinder Autos, DA0589

On 06/29/10 I contacted Martin Blackwell, the owner of The Carfinder Auto at his place of business in Eugene. With me was DMV investigator Rick Parsons. Martin Blackwell purchased the 2002 Honda Oregon license plate, 006-DZU from "Nicholas Ross," based upon the bill of sale on 04/20/10.

Blackwell told me he had just flown in from Hawaii and was near the airport. Blackwell said he planned on buying a vehicle to drive back to Springfield Oregon and later sell the vehicle from his business. Blackwell said he searched Craig's List for a vehicle and saw the 2002 Honda advertised for sale. Blackwell telephoned the seller later identified as Nicholas Butkovich and purchased the vehicle at the La Quinta Inn located at 11207 NE Holman ST Portland, OR.

Blackwell said he was told by Butkovich he had owned the vehicle for about a month after buying the vehicle from Dallas Auto Wrecking. Blackwell said Butkovich provided him with the bill of sale from Dallas Auto Wrecking. Blackwell said he agreed to buy the vehicle for \$6,300.00 paying Butkovich in cash after going to the bank.

Blackwell viewed the KATU video of Butkovich being interviewed. Blackwell said that was the person he purchased the 2002 Honda from.

Statement of Steve McArthur: Gasoline Alley, DA2464

On 06/30/10 I spoke to McArthur. McArthur told me he purchased the 2002 Honda from Dallas Auto Wrecking but did not do an odometer disclosure at the time of sale. McArthur apologized stating he never got around to doing the odometer disclosure and sending the document to Dallas Auto Wrecking. McArthur said he advertised the vehicle on Craig's List photographing the odometer to show the mileage as well. McArthur said within a few days he was contacted by Nicholas Butkovich who agreed to purchase the vehicle.

McArthur told me Butkovich paid cash for the vehicle and drove the vehicle away. McArthur could not recall if he obtained Butkovich's information off his license or asked for the information when filling out the bill of sale. McArthur said another male was with Butkovich but he did not speak with the male or recall what the male looked like.

I asked McArthur if he had viewed the KATU video involving Butkovich. McArthur had not. I asked McArthur to view the video on the KATU website. I stayed on the phone with McArthur while he viewed the video clip. McArthur told me that was the same person he sold the Honda to. McArthur recalled Butkovich was wearing the same shirt as the night he bought the vehicle as well.

For details of the odometer discrepancy investigation see **(Exhibit A-6)**.

**1981 Delorean WA, License Plate, HAGWOOD VIN: SCEDT26T3BD005085
(Exhibit A-7)**

Butkovich was filmed selling a 1981 Delorean by KATU television. The license plate shown in the film was a Washington license plate, HAGWOOD. Washington DMV records show the vehicle belonging to Matthew Hagwood.

Statement of Matthew Hagwood:

Matthew Hagwood told me he no longer owns the vehicle and sold the vehicle to Nicholas Butkovich. Hagwood said he advertised the vehicle on Craig's List and was contacted by Butkovich in September of 2009. Hagwood said Butkovich agreed to buy the vehicle for \$9,800.00. Hagwood said he picked Butkovich up at Sea Tac Airport and was paid in cash by Butkovich.

Hagwood said he did not have a bill of sale providing Butkovich with the title. Hagwood said he left the license plate on the vehicle so Butkovich could drive the vehicle back to Oregon with the promise Butkovich would send the plates back to him after the vehicle was titled in Oregon. Hagwood said he never heard from Butkovich again.

Hagwood sent me an email he saved on his computer dated 02/18/10. Hagwood sent an email to Butkovich asking him if he titled the vehicle yet. Hagwood also sent me photographs of the vehicle he had sent to Butkovich.

I searched for the 1981 Delorean on the internet. I located the vehicle being displayed for sale at Ron Tonkin Gran Turismo Portland, OR. Ron Tonkin is a licensed dealer. Ron Tonkin was selling the vehicle for \$24,980.00, listing VIN: SCEDT26T3BD005085.

I contacted Ron Tonkin Gran Turismo.

Statement of Stacy McBride: (Title Clerk for Ron Tonkin Gran Turismo)

On 07/02/10 I spoke with Stacy McBride of Ron Tonkin about the 1981 Delorean. McBride advised me the vehicle was purchased from Nicholas Butkovich on 05/19/10. McBride said they paid Butkovich \$14,000.00 for the vehicle. McBride later faxed me the documents of the sale. On the wholesale order I saw Butkovich signed his name and listed his address as 11282 SE Causey happy Valley, OR. Butkovich listed his phone number as 503 789-5879.

McBride said this sale took quite awhile learning Butkovich was in jail for Driving While Suspended (misdemeanor).

**1997 Honda OR, License Plate, VTM 034 VIN: 1HGCG5635VA089888
(Exhibit A-8)**

The 1997 Honda OR license plate, VTM 034 was reported to DMV by neighbors of Butkovich. DMV records show Nancy Montgomery sold the vehicle to Kumar Mangipudi on 05/24/10. Kumar Mangipudi titled the vehicle on 05/24/10.

While viewing the DMV records I noticed the miles listed on Nancy Montgomery's title document (#0608740015) as 33,184. On the back of the title I saw the mileage written in as 74,917. For a 1997 Honda (13 years) the mileage was extremely low.

I viewed the Auto check history on the vehicle and learned the last reported odometer reading was 162,000, dated 01/13/09 reported by DEQ while conducting an emissions test on the vehicle.

Statement of Kumar Mangipudi:

On 07/07/10 I spoke with Kumar Mangipudi via the telephone. Mangipudi told me he saw the vehicle advertised on Craig's List and called the phone number 503 789-5879. Mangipudi said he spoke to a male named Nick who gave him an address on Causey. Mangipudi said he could not find the address and met Nick in the parking lot of the Clackamas Town Center.

Mangipudi said he was with his friend Girish Kondaveeti when he met Nick. Mangipudi told me he was advised by Nick that he bought the vehicle from his aunt and drove the vehicle for a year but never titled the vehicle.

Mangipudi said he viewed the odometer and wrote the mileage on the back of the title. Mangipudi said he also viewed a CarFax report that Nick showed him to show the mileage was fairly accurate. Mangipudi recalled the mileage was around 74,000 miles when he viewed the odometer. Mangipudi said he also took the vehicle to Firestone in Clackamas and they said the vehicle was OK.

Mangipudi said two days later he purchased the vehicle for \$4,000.00 then drove Nick home to his apartment on Causey.

I advised Mangipudi the odometer has been tampered with. Mangipudi said he viewed the title as well as the Carfax report and found it hard to believe. Mangipudi said he would fax me the CarFax report he obtained from Nick at a later date. I explained to Mangipudi I viewed the title and saw the (1) in front of the 33,184 was erased and that the same thing had been done to another vehicle sold to an auto dealer by Nick.

I had Mangipudi view the KATU video on the internet. Mangipudi identified Nick Butkovich as the same person he purchased the vehicle from.

Statement of Girish Kondaveeti:

Girish Kondaveeti was with Mangipudi during the purchase of the 1997 Honda from Nicholas Butkovich. I spoke to Kondaveeti via the telephone.

Kondaveeti told me he and Mangipudi met a male named Nick at the Clackamas Town Center to look at a 1997 Honda Nick was selling. Kondaveeti told me Nick explained to them the vehicle used to belong to his Aunt and that he had driven the Honda for the past year but needed to sell the Honda quickly because he was moving.

Kondaveeti said Nick provided the CarFax report that went with the vehicle so they could see the vehicle was in good shape and the mileage was accurate. Kondaveeti said Mangipudi was looking for a vehicle with under 100,000 miles on it. Kondaveeti said they had no reason to believe the mileage on the vehicle was tampered with especially after seeing the CarFax report. Kondaveeti said Mangipudi eventually bought the vehicle. Kondaveeti said one of the main reasons for buying the vehicle was because of the low mileage.

Odometer discrepancies involving Butkovich is the subject on an ongoing investigation and will be addressed in a future report.

SUMMARY:

Nicholas Butkovich has been engaged in unlicensed dealer activity in the buying, selling, offering and displaying vehicles for sale without a valid current vehicle dealer certificate in violation of ORS 822.005(1) (a) (b) (c) in spite of previous warnings and civil penalty.

RECOMMENDATION:

The following civil penalty applies:

- A. Civil Penalty of \$5,000.00 for each of the following **3** violations (**2nd offense**) of **ORS 822.005(1)(a)(b)(c)** for a total civil penalty of **\$15,000.00** for acting as a vehicle dealer without a valid, current dealer certificate. This penalty is pursuant to **OAR 735-150-0160(1), OAR 735-150-0170(1) and (3) (b).**

These violations occurred in the sales of the following vehicles:

1. Nicholas Butkovich purchased a 2002 Honda, OR Plate: 006DZU, VIN: 1HGCG56462A140729 from Gasline Alley, DA2464 on 03/16/10. Nicholas Butkovich offered and displayed the vehicle for sale. Nicholas Butkovich sold the vehicle to The Carfinder Autos, DA0589. The sale of this vehicle is a violation of ORS 822.005(1) (a).

2. Nicholas Butkovich purchased a 1981 Delorean, WA Plate: HAGWOOD, VIN: SCEDT26T3BD005085 from Matthew Hagwood on 09/2009. Nicholas Butkovich offered and displayed the vehicle for sale. Nicholas Butkovich sold the vehicle to Ron Tonkin Gran Turismo on 05/19/10. The sale of this vehicle is a violation of ORS 822.005(1) (a).

3. Nicholas Butkovich purchased a 1997 Honda, OR Plate: VTM034 , VIN: 1HGCD5635VA089888 . Nicholas Butkovich offered and displayed the vehicle for sale. Nicholas Butkovich sold the vehicle to Kumar Mangipudi on 05/24/10. The sale of this vehicle is a violation of ORS 822.005(1) (a).

Civil penalties proposed total: \$15,000.00

WITNESSES:

Steve McArthur
9130 Portland RD NE (Gasoline Alley)
Salem, OR 97305
971 388-2402

Martin Blackwell (The Carfinder Autos)
4055 B Franklin BL
Eugene, OR 97402
541 253-1100

Mathew Hagwood
Skyline Properties Inc, WA
Phone: 253-569-4949

Stacy McBride (Ron Tonkin Gran Turismo)
203 NE 122nd AV
Portland, OR 97230
503 255-7560

Kumar Mangipudi
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Portland, OR 97229
971 344-4936

Girish Kondaveeti
1433 NE Alex Wy #344
Hillsboro, OR 97124
408 859-9905

INDEX OF EXHIBITS:

- A-1 Email from DMV media relations.**
- A-2 2008 unlicensed dealer investigation of Butkovich.**
- A-3 Craig's List advertisements for phone 503 789-5879.**
- A-4 Investigative report from KATU.**
- A-5 DMV documents, 2002 Honda, VIN: 1HGCG5642A140729.**
- A-6 Odometer discrepancy investigation.**
- A-7 DMV documents, 1981 Delorean, VIN: SCEDT26T3BD005085.**
- A-8 DMV documents, 1997 Honda, VIN: 1HGCG5635VA089888.**