

Fraud in Sales of Used Farm Tractors and Combines

On August 11, Attorney General of Iowa Tom Miller announced a joint industry / government project aimed at preventing fraud in the sale of used tractors and combines.

"We've created an effective means to help farmers determine if a piece of used equipment was stolen, had major repairs, or had the hour meter rolled back illegally," Miller said at a news conference at the Iowa State Fair.

"We have a good system to run checks on the equipment, and excellent cooperation from the industry," he said. "Now we are working to tell farmers about the project."

Miller unveiled a new, twenty-page brochure that gives general tips for smart equipment buying and outlines steps farmers can take to reveal fraud in the sale of used tractors, combines, and other self-propelled farm and construction equipment. The brochure also advises farmers to buy from established dealers whenever possible.

The project and brochure were developed by Miller's Farm Division with the assistance and cooperation of Case Corporation, Caterpillar, Inc., Deere & Company, the Equipment Manufacturers Institute, the Iowa Farm Bureau Federation, and the Iowa-Nebraska Equipment Dealers Association, Inc.

Miller emphasized that the project and brochure relate to sale of used equipment through consignment auctions, ads in publications and used equipment dealers. The brochure advises farmers buying a used tractor to seek information about the tractor's history that is contained on computer databases maintained by dealers and manufacturers. Hour meter readings are recorded periodically for most equipment -- when it is sold, serviced or repaired under warranty, for example.

"Based on the tremendous cooperation we received from major equipment manufacturers and dealers on this project, we expect that most dealers will grant farmers access to this useful data," Miller said. "Even if farmers are looking at a tractor from some other source, they should not hesitate at all to go to a dealer to check the tractor's history."

"This project is an excellent example of how business and government can work together to address problems without resorting to burdensome legislative or regulatory approaches. The effectiveness of this approach depends upon education of consumers combined with cooperation by industry," said Miller.

Miller noted that his Farm Division has received numerous complaints over the years involving tractor hour meter tampering. He noted that the farmers in many of these cases could have detected hour meter or other fraud before purchasing used equipment if they had utilized the advice contained in the new brochure.

"A large share of farm equipment purchases are for used machinery," Miller said. "We suspect there is far more fraud by some unscrupulous sellers than is detected or reported. This project will help."

Hour meters on farm equipment are much like odometers on autos or trucks, indicating the amount of use the machinery has logged. Rolling back an hour meter misleadingly raises the value of a tractor or combine.

For example, Miller said tractors sometimes have been used for thousands of hours in the southern United States, which has a much longer field work season, and then had their hour meters rolled back before

being sold in a northern state. Computer- checking hour meter readings for such tractors likely would reveal that the meters had been rolled back.

The brochure is free and available from the State of Iowa Attorney General's Office - Farm Division by calling (515) 281-5351.

Steps for Smart Buying of Used Self-Propelled Farm and Construction Machinery

1. Check Out the Seller

- Buy from established dealers
- Check the credentials of the seller

2. Get a Written Bill of Sale from Seller. It should include:

- Tractor's product identification number (PIN), price and payment terms, any trade-in allowances, delivery schedules and costs
- Any warranties and disclosures of major repairs
- Certification of hour meter readings

3. Try to Verify Hour Meter Readings

- Inspect tractor for excessive wear and tear
- Check hour meter for tampering
- Get the PIN and hour meter reading from tractor, take them to a dealer, and ask the dealer to compare current hour meter reading with hour meter readings recorded on computer when tractor was under warranty, etc. Tampering may be detected by comparing current hour meter reading with readings on computer

4. Try to Detect Any Major Repairs

- Have the tractor inspected by an independent mechanic
- Check dealer's computer database for records of major repairs

5. Try to Determine if Tractor is Stolen Property. If you suspect that the tractor is stolen property:

- Take tractor's PIN to a local law enforcement official and request access to computer data bases that are maintained on stolen equipment.