



South Carolina Law Enforcement Division

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April 30, 2019

Via Hand Delivery

The Honorable William M. Hixon
Legislative Oversight Subcommittee
416A Blatt Building
Columbia, SC 29201

Re: House Oversight Review - DMV

Dear Chairman Hixon:

Please allow this correspondence to serve as SLED's perspective on several issues raised to the Subcommittee. SLED understands that DMV has recommended the following:

- Tougher penalties for dealers who sell vehicles out of trust
- Broader laws for convictions of crimes or fraud, not just motor vehicle-related fraud (§56-15-350(c))
- Salesman's license for all agents/sales people working for a dealership
- NCIC fingerprint base background check requirement for licensed dealers and sales people

Be advised that SLED supports these recommendations. It is noteworthy that some of South Carolina's current laws provide only a \$50-\$200 fine for certain violations, which does not seem to serve as a significant deterrent to fraudulent behavior that affects South Carolina citizens. In addition, specifically broadening the fraud laws to cover more of the unscrupulous conduct in the vehicular sales context, particularly in the area of what DMV describes as "selling out of trust" may prove helpful in the prosecution or resolution of these matters as well. The issues arising between "floorplanners" and dealers affecting when customers ultimately receive vehicle titles are often viewed by prosecutors and judges throughout the state as civil matters and not criminal conduct. As such, clarity on this issue in terms of specific statutory or regulatory guidance may prove beneficial to all involved.

In addition, SLED supports requiring both state and federal fingerprint-based background checks for licensed dealers and sales personnel. This insures that all involved are aware of the most accurate state and federal information regarding employees and potential employees.

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It is also SLED's understanding that the Subcommittee has received information, through DMV, that SLED resolves an average of 35% of the cases referred by DMV. Court Administration data indicate that only 19 cases were filed for unlicensed vehicle sales (CDR codes 2179, 2180, and 2182) in the last three fiscal years.

Be advised that SLED has recently implemented changes to how SLED tracks these cases and how SLED reports this to DMV. These changes have improved communication and will result in a higher resolution rate moving forward. In addition, SLED has implemented a process to notify DMV on a monthly basis the cases that SLED is investigating, the cases that SLED has prioritized, and the resolution of those that have been completed. SLED remains committed to fulfilling SLED's mission.

SLED also understands that DMV has discussed that the current law doesn't include very stiff penalties or minimum sentencing for dealers engaging in unfair practices, nor does it allow the Department to take a previous history of unscrupulous behavior into consideration when determining whether or not to issue a dealer license. Furthermore, the SCDMV has no authority currently to regulate moped dealers, nor does the agency know what the intent of the legislature was in that regard.

To that end, while SLED is not directly involved with the Department's determinations regarding the issuance of dealer licenses, SLED certainly supports allowing the Department to look at cumulative behavior in these decisions. Further, SLED supports the regulation of moped dealers in the same manner as other vehicles.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

S/Mark Keel

SLED Chief