



**“Serving Professional Automobile
Dealers Since 1955”**

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Dear Representative Hixon,

My name is John Brown and I am the Executive Director of the Carolinas Independent Automobile Dealers Association (CIADA). The CIADA represents the independent used car dealer, non-franchise, in the Carolinas. We are one of the largest associations within the National Independent Automobile Dealers Association primarily because we represent both South Carolina and North Carolina used car dealers.

I am pleased to offer you information about how the following four issues effect the independent dealer. With 64 years of experience, we believe that we can offer you insight that would be valuable in your decision-making process. We appreciate the ability to provide you with this information.

- Tougher penalties for dealers who sell vehicles out of trust.

This is as serious a violation as it gets in the business. Dealers who sell out of trust should have their dealers license revoked and be prohibited from working in the industry. Every dealer knows and understands that they must deliver the title to the consumer upon the execution of the legally binding contract. There is no excuse to sell out of trust when

you know what the law is. Dealers know that if they are selling out of trust, their dealer bond, which is a requirement for obtaining a dealer's license, is in jeopardy.

The CIADA would support tougher penalties for this type of violation. Suggestions on how to increase penalties would include a total ban from working in the industry after conviction, to increased fines and enforcement actions to eliminate this practice from the industry.

- Broader laws prohibiting dealer licensure for those with convictions of crimes or fraud, not just motor vehicle-related fraud (§56-15-350(c))

The CIADA would support broader laws to prohibit individuals from obtaining their dealers license or revoking a license once provided if convicted. Many crimes that impact consumers are outside of the Dealer code Chapter 56. If a potential dealer has been convicted of a serious crime that involved consumers, or other serious felonies, the DMV should have a process to formally deny the application and then provide the applicant a hearing process to state why the applicant believes they should be able to obtain the dealer license.

- Salesman's license for all agents/sales people working for a dealership

The CIADA experience in North Carolina, which has a Salesman's license has been a positive one and has positive outcomes to help protect the consumers we sell to. A salesman's license in NC has to be accompanied by a statement of Endorsement by the Dealership owner,

that the salesman works for that particular dealership and the owner has responsibility for their actions.

The salesman's license also provides for a check and balance for the Department of Labor who has responsibility for workman compensation claims. This is an area of enforcement that is often overlooked and thus many dealers never claiming the employee and thus never submitting the withholdings to the State.

In the state of North Carolina, it also prohibits the current loop-hole within the SC law that allows the SC dealer the ability to restart their dealership under another licensee, i.e. a spouse, that doesn't plan on even being there to run the business, after the one spouse loses their license because of fraud, etc...and now they run the business as a sales representative which is currently unlicensed.

- NCIC fingerprint base background check requirement

The CIADA would need to have more information about a fingerprint requirement. We are not aware of any other state mandating a fingerprint be included in their application process. It seems on the surface, not to be needed, because South Carolina does require a National Background check as part of the application process.

Of course, with all of these issues and many other related topics for used car dealers, the devil so to speak is in the details. The CIADA would be pleased to respond to any specific issues at any time as well.

I hope this brief explanation is helpful and the CIADA would be pleased to answer any question that any legislator would have as it pertains to being an independent used car dealer in the Great State of South Carolina.