

SECTION III

DEALER AUDITS AND INSPECTIONS

DEALER LICENSING AND AUDIT UNIT

The DMV is responsible for all dealer and wholesaler licensing and inspections. The Dealer Licensing and Audit Unit has been appointed to carry out this statewide responsibility for the DMV.

DMV dealer agents that are located and assigned throughout the state conduct the majority of dealer audits and inspections. However, other authorized agents may also conduct inspections and will have proper credentials to identify themselves to you. DMV dealer agents conduct initial inspections for new dealers and wholesalers, investigate customer complaints against dealers and wholesalers, and conduct random audits of dealers and wholesalers on a routine basis or as necessary.

Should you have questions or concerns about proper procedures or legal requirements, you may contact the DMV Dealer Licensing and Audit Unit by dialing (803) 896-2611. Someone from the DMV Dealer Licensing and Audit Unit can also identify and supply you with the phone number for your local dealer agent.

PRE-LICENSING INSPECTION

After preliminary processing of your application for a dealer or wholesaler license, a DMV dealer agent will contact you to schedule your first inspection. During this inspection, s/he will determine whether your place of business and operational procedures qualify you for the license you have applied for. When inspecting your place of business, the DMV dealer agent will complete DMV Form DLA-2, Licensed Dealer Auditors Report, discuss the findings with you, and recommend to the DMV that your license be approved or disapproved, and the reason(s) for the approval or disapproval. Regardless of the outcome, you will be provided with a copy of DMV Form DLA-2, Licensed Dealer Auditors Report detailing the result of the inspection and any deficiencies indicated. If you are disapproved and wish to continue with the application process, you may make the appropriate improvements and request that your dealership be re-inspected; you may also appeal the disapproval by requesting an administrative hearing. See Section V of this manual on how to request an administrative hearing.

After you pass your inspection, you will receive an official correspondence from the DMV indicating how to proceed with your license purchase.

DEALER LICENSE INSPECTION CRITERIA

Refer to Section I, DEALERSHIP REQUIREMENTS for detailed requirements.

During the initial inspection, the DMV dealer agent will inspect your business for the following:

- ◆ proper building structure;
- ◆ proper signage; and
- ◆ proper lot

TIPS TO REMEMBER:

Your place of business will not pass inspection, if the DMV dealer agent finds any of the following:

- ◆ you do not have a bona fide place of business;
- ◆ your principal business is not buying, selling or exchanging vehicles (except motorcycle dealers);
- ◆ you do not have a building or your building does not meet the necessary qualifications;
- ◆ you do not have a sign or your sign does not meet the necessary qualifications;
- ◆ you do not have an adequate lot and/or display area to display your vehicles;
- ◆ your business is not located at the address on your application.

WHOLESALE INSPECTIONS

During the initial visit, the DMV dealer agent will inspect your business to ensure that you have an appropriate place to conduct business. You are not required to house your business in a separate structure or display your vehicles on an open lot, but you should have adequate space to conduct your business transactions.

TIPS TO REMEMBER:

Your place of business will not pass inspection if any of the following is found:

- ◆ you do not have a bona fide place of business;
- ◆ your business is not located at the address listed on your application.

DEALER AND WHOLESALER AUDITS

Dealer and wholesaler audits are conducted at random; you will not be notified when an audit is required of your place of business. When a DMV dealer agent arrives, you must give him or her complete cooperation. The agent understands your concerns and will do all that is possible to complete your audit in a timely and professional manner. The audit will follow a set pattern, and the DMV dealer agent should proceed in a similar manner as follows:

- The agent will show you his or her DMV credentials and inform you of the purpose of the visit.
- The agent will ask to see all titles on hand in your place of business. S/he may temporarily remove any open titles from your files to make the appropriate copies. Once copies are made, the original will be returned to the dealer. The agent may request a copy of any titles not assigned to your dealership and require them to be completed. Agents will issue a receipt for any and all items removed from your dealership.
- The agent will record dealer information such as the name of your business, owner, address, dealer type, dealer number, and the date of the audit.
- The agent will record the vehicle identification numbers of the vehicles on your lot and check your records to ensure that incoming documents related to each vehicle are maintained.
- The agent will review the records of vehicles sold since your last audit or inspection to determine whether proper incoming and outgoing records are maintained for each transaction.
- The agent will request that the dealer account for all demo plates. The agent may also verify the previous year's sales volume to justify the number of dealer plates obtained by the dealer.
- The agent will record garage liability insurance information if the dealer has dealer plates.
- The agent will record any violations found in your place of business.
- The agent will answer any questions you may have.
- The agent will advise you via DMV Form DLA-2, Licensed Dealer Auditors Report of his or her findings. However, any sanctions resulting from the audit will be issued from headquarters and delivered in written form.

(NOTE: A random audit or administrative investigation conducted in your place of business does not imply that you are suspected of any misconduct or wrongdoing.)

RECORD INSPECTIONS

Anytime a DMV dealer agent inspects or audits your place of business, a thorough review of your records will take place. It is important that you organize all of your records, ensure that they are legible, and maintain the proper supporting documents for your transactions.

South Carolina law requires that you maintain records on all transactions for four (4) years from the date of the transaction. All records must be kept at the licensed place of business and must be available during reasonable business hours. The agent will review your records for the following information:

Acquired Vehicles

1. The true name of the person or persons from whom the vehicle was acquired.
2. The correct and complete address of the person or persons from whom the vehicle was acquired.
3. The correct date of the transaction.
4. A complete description of the vehicle including the vehicle identification number, make, model, and type of vehicle.
5. The correct odometer statement. A copy of the statement received by the dealer must be kept. This copy could be on the back of the Certificate of Title, a Bill of Sale, or on a separate odometer disclosure statement.

Transferred Vehicles

1. The true name of the person or persons to whom the vehicle was transferred or sold.
2. The correct and complete address of the person or persons to whom the vehicle was transferred or sold.
3. The correct date of the transaction.
4. A complete description of the vehicle including the vehicle identification number, make, model, and type of vehicle.
5. The correct odometer statement. A copy of the statement received by the dealer must be kept. This copy could be on the back of the Certificate of Title, a Bill of Sale, or on a separate odometer disclosure statement.

All Transactions

Titles, bills of sale, odometer statements, and other documents containing the required information for each transaction.

Dealer Plates

1. The location of the dealer plates issued to the dealership.
2. Documentation of the correct use of dealer plates.
3. Verification of garage liability insurance.

TIPS TO REMEMBER:

Your cooperation is necessary to complete the inspection process. Failure to cooperate with the agent or produce the required records may result in sanctions being imposed against the dealership.

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