



Henry McMaster
Governor

Kevin A. Shwedo
Executive Director

State of South Carolina

Department of Motor Vehicles

Thursday, March 14, 2019

The Honorable William M. "Bill" Hixon
Post Office Box 11867
Columbia, South Carolina 29211

Dear Representative Hixon,

Following the February 27, 2019 Legislative Oversight Subcommittee meeting, you asked the agency to provide the following information:

1. In your testimony on February 27, you opposed the idea of the DMV taking on the responsibility for collecting the road use fee from intrastate trucks, as it is not one of the agency's core functions. Given that concern, how do you differentiate the request to take on a law enforcement responsibility that currently rests with SLED?
2. Other than employing law enforcement officers within the DMV, are there any steps that the DMV, SLED, or the legislature could take to improve the enforcement of vehicle-related crimes?
3. Please provide a definition or explanation of each of the following terms the agency uses when discussing vehicle-related crimes: out-of-trust sales and curb stoners.
4. What school systems or technical colleges does the DMV currently partner with to facilitate training and licensing of commercial drivers? Is the agency willing to work with schools and communities that are interested in creating such partnerships?
5. Please provide a list of the third parties that administer the commercial driver's license test. How do entities qualify to do this? Where are those qualifications outlined (e.g., statute, regulation, agency policy, etc.)? Are they posted on the agency's website? In what other ways are they communicated to potential testing entities?
6. How are options for third-party driver's license testing communicated to those seeking to be tested?
7. Is there a need to increase the number of DMV branches that offer the commercial driver's license skills test? If so, how much would it cost the agency to do so?
8. In your testimony on February 27, you indicated that the DMV is carrying forward approximately \$12 million. Does the agency have the authority to spend this money on projects of its choosing, or is additional authorization required?

Please allow this letter to serve as a response to the inquiries above.

Question 1

- a. SECTION 56-19-20. Administration and enforcement.

The Department of Motor Vehicles is hereby vested with the power and is charged with the duty of observing, administering and enforcing the provisions of this chapter and Chapter 21 of Title 16.

Current law authorizes the Department of Motor Vehicles to “Enforce” the provisions of “this” (Chapter 56) and Chapter 21 of Title 16. However, the department does not have the tools to perform the function that we are charged with. Our request is to be provided the tools to safely assist SLED in carrying out the responsibility that the SCDMV is charged with performing.

The Department of Motor Vehicles and the State Law Enforcement Division enjoy a great working relationship, and together we work with the resources that we have to address as many customers’ needs as we can get to in our given capacity. However, when asked by this committee if we thought we could help with the motor vehicle crimes if the department was given law enforcement authority, the answer is yes, we do believe that we could assist the State Law Enforcement Division in addressing some of these violations.

Our goal is to assist the public when they reach out to government for assistance. We believe that utilizing trained SCDMV law enforcement personnel that are 100% devoted to DMV related crimes would be of great service to citizens that rely on their government for assistance when they are defrauded and this would relieve some of the burden on SLED.

We reached out to SLED for additional information concerning prioritizing cases and received the following response from Lieutenant Craig Harrelson of the Investigative Services/Vehicle Crimes Unit of SLED:

“We prioritize cases received from SCDMV as follows: internal DMV employee investigations take priority over all others, followed by title fraud and dealer cases, then finally DL cases. All cases are reviewed for elements that make them prosecutable; therefore, those that are weak or have no readily available suspect/victim receive lower priority. Over the past 4 years, we have investigated an average of 200 SCDMV cases per year and have left approximately 130 per year unresolved. As outside requests from other agencies have also increased, it is expected that case resolution averages will stay at or slightly below the current numbers based on our current staffing.

DMV currently receives a monthly report from our unit reflecting cases assigned to our agents and the resolution of them. This has been in place since October 2018. Communication between SLED and SCDMV continues to improve and our unit strives to make investigations referred to us by your agency as transparent as possible. A recent meeting between our unit and SCDMV OIG was very fruitful, with suggestions, concerns, and recommendations having been made by both agencies. Per our recent discussions, these meetings are a great thing and should continue periodically. Like always, please call with any questions or concerns, and I look forward to continuing good relations with SCDMV.”

The American Association of Motor Vehicles Administrators (AAMVA) published a Best Practices for the Deterrence and Detection of Fraud. Chapter 3, pages 14 &15, states “A crucial requirement in the fight against fraud is an appropriately sized and adequately equipped fraud unit. Unfortunately, some agencies are forced to rely on outside law enforcement agencies to

assist in the fight. In such situations, the DMV's fight is likely a secondary consideration by the outside enforcement agency because it is understandably focused on its own mission. The competition for resources often leaves the DMV with little to no assistance. An in-house fraud unit provides the ability to proactively oversee the operation from a focused perspective because its primary mission is the detection and deterrence of fraud. A fraud unit can establish or enhance processes and procedures. It can take swift action when issues are identified. It can provide a unique perspective to legislative reviews and can pinpoint potential areas for fraud opportunities. Failure to focus on the deterrence and detection of fraud can undermine the credential issuance process, harm the reputation of the agency and its management, and even negatively impact the governor's office. It can make the jurisdiction a target for criminal activity and can threaten homeland security. A core competency of the DMV is the issuance of credentials. An equally important core competency should be fighting fraud.

The fraud unit should have oversight and authority to address both internal and external fraud. There is no magic formula to determine the appropriate size of the unit because it depends on the size of the organization, its responsibilities, the number and type of transactions processed, and the number of contractual third parties or partners the agency oversees. The group should be of sufficient size to effectively handle all of the responsibilities for which the unit is charged. Tracking performance and publicizing successes can help justify expansion of the unit when, and if, warranted. When analyzing the impact of new legislation or policies, consideration should always be given to the potential need for additional staff for the fraud unit.”

Question 2

- a. Revisiting and strengthening laws related to the sale of motor vehicles. The current statute only allows extremely narrow reasons for refusing an applicant the ability to engage in the business of selling vehicles. Embezzlement, drug convictions, murder, sex offenders, most fraud cases etc., are not considered in issuing a dealer license. Only a crime that involves the illegal transfer of a vehicle is given as a reason the department may consider for refusing to issue a dealer license. Limiting the time for administrative hearings to be conducted and a decision rendered when dealers licenses have been revoked. Currently, dealers continue to defraud customers though their license has been revoked for the very same offense.
- b. Minimum sentencing for defrauding customers during the sale of motor vehicles, specifically in cases dealing with out-of-trust sales. Currently, the penalties that are imposed on dealers that engage in this bad behavior do not deter this practice.
- c. Licensing owners, salespersons and agents of the dealership with signature authority. This would aid in preventing dealers who are revoked from registering the dealership in a family member's name and continuing to operate the business.

Question 3

- a. **Curbstoners** – Persons engaging in the sale of vehicles without the required South Carolina Department of Motor Vehicles issued dealer license. 56-15-10 (h)(4)*Persons disposing of motor vehicles acquired for their own use and so used in good faith and not for the purpose*

of avoiding the provisions of law. Any person who effects or attempts to effect the sale of more than five motor vehicles in any one calendar year is considered a dealer or wholesaler.

- b. **Sale out of trust** - refers to when a dealer sells a vehicle and fails to pay a financial obligation in order to obtain and deliver a title to the purchaser/customer.
- c. **Floor planner** – A lender who finances inventory for motor vehicle dealers.

Question 4

- a. Currently the department regulates 17 commercial driver training schools that provide a certified truck driver training course and offer third party testing.
 - 1. ****Ace Driving Academy, Duncan, SC 29334**
 - 2. ****Carolina Construction School, Lancaster, SC 29721**
 - 3. ****Excel Truck Driver Training LLC, Piedmont, SC 29673**
 - 4. ***Florence-Darlington Technical College, Florence, SC 29502**
 - i. Satellite - Central Carolina Technical College, Sumter, SC 29150
 - ii. Satellite - Midlands Technical College, West Columbia, SC 29170
 - iii. Satellite - Northeastern Technical College, Cheraw, SC 29520
 - iv. Satellite - 2204 Highway 301 South, Dillion SC 29520
 - v. Satellite - Williamsburg Technical College, Kingstree, SC 29556
 - 5. ***Greenville Technical College, Greenville, SC 29606**
 - 6. ***Miller-Motte Technical College, N. Charleston, SC 29406**
 - i. Satellite Office, Conway, SC 29526
 - 7. **Northeastern Technical College, Cheraw, SC 29520**
 - 8. ***Orangeburg-Calhoun Technical College, Orangeburg SC 29118**
 - 9. ****Palmetto Training Inc. N. Charleston, SC 29406**
 - i. Satellite Office, 1085 Thunderbolt Dr. Walterboro , SC 29488
 - ii. Satellite Office, 549 E. Calhoun Street, Sumter, SC 29150
 - 10. **Piedmont Technical College, Greenwood, SC 2946**
 - 11. ****P & W Turning Point Training Academy, Beech Island, SC 29841**
 - 12. **Spartanburg Community College, Duncan, SC 29334**
 - 13. ****The Sage Corporation, Lexington, SC 29073**
 - 14. **Technical College of the Low Country, Beaufort, SC 29902**
 - i. Satellite Office: Hampton Campus, Varnville, SC 29944
 - 15. ***Tri-County Technical College, Pendleton SC 29670**
 - 16. *** **Truck Driver Institute Inc., Richburg SC 29729**
 - 17. **York Technical College, Rock Hill, SC 29730**
- b. The department is also collaborating with Heyward Career and Technology Center/Eau Claire High School, the Department of Education and the South Carolina Trucking Association to promote trucking careers to high school students. Yes, the department is willing to work with other schools and communities that are interested in collaborating with the SCDMV.

*Offers third party testing and training

**Private entity

Question 5

- a. Attached is a list of the third party testers (TPT).
- b. Companies and/or training facilities that are interested in becoming third party testers apply with the department. Once the application is received and approved the candidates must attend a department examiner certification course that will properly train them to administer the commercial driver's license test. Third party testers are recertified every 3 years.
- c. The qualifications are outlined in Federal Motor Carrier Safety Regulations 384.228 and 383.75, and listed in the SCDMV Commercial Driver's License Third Party Tester Safety Officer Manual attached.
- d. The information can be found on the SCDMV website in the Commercial Driver's License Third Party Tester Safety Officer Manual.
- e. The department will explore adding additional information to the website to increase companies' and schools' awareness of the third party testing program.

Note: Third party testing for commercial driver's license is only offered to employees of the third party testing companies and students of third party testing commercial training schools

Question 6

- a. For class D applicants, there is a list of third party testers on the department's website.
- b. Commercial driver's license applicants, as mentioned above, may only be tested by an employer or must be a student enrolled at the training school.
- c. Driver training schools that participate in the third party testing program make students and potential students aware of the option to be tested at their facility (both commercial and non-commercial schools).

Question 7

At this time, SCDMV does not see the need for additional DMV CDL Skills testing sites. As Director Shwedo mentioned SCDMV positioned each of our nine sites throughout the state so that applicants would not have to drive over 50 miles for a CDL Skills test. Currently we offer CDL Skills test by appointment or in the event of a non-booked appointment slot, a cancellation, or a no show we offer walk in availability. While the walk in CDL test is rare due to applicant planning requirements, they remain an option. Each CDL site offers between six and nine appointments daily. SCDMV has the availability to schedule up to 294 test each week; our current average for scheduled appointments weekly is 167.

Regarding the cost to provide additional CDL sites state-wide, for each site, a minimum of 2 license examiners would be required. The current cost for an examiner's pay including fringe is \$42,000 per year. Additional costs associated with establishing CDL test facilities in accordance with the Federal Motor Carrier Safety Administration (FMCSA) is a minimum of \$50,000 for additional asphalt. We state 'a minimum' because until the site is assessed by the construction company doing the resurfacing, we cannot estimate the total cost for the upgrade. In some cases, dredging, backfilling and compacting of the soil can increase the cost by hundreds of thousands of dollars. As an example, four years ago we estimated bringing our Lake City Office's CDL pad up to the new standards at a construction cost of approximately \$135,000. Our Bennettsville CDL site actual cost was \$209,782.

Question 8

No, the SCDMV does not have the authority to spend this money on projects of its choosing, and additional authorization is required. The agency has authority to spend \$4.2 million of this money during FY19 and, if the budget currently in House Ways and Means is ratified, FY20.
Regards,



Kevin Shwedo
Executive Director, SCDMV