

## **NOTICE TO ALL SD DEALERS:**

We would like to take this opportunity to visit with you about a new financing arrangement that has recently been brought to our attention. If you are not familiar with it, here's how it works.

A South Dakota dealer teams up with an out-of-state dealer from a larger metropolitan area who has more ready access to financing. All the vehicles are sold on the South Dakota dealer's lot, but once the sale is made, the title is assigned by the South Dakota dealer to the out-of-state dealer. The out-of-state dealer then completes the transaction to the South Dakota dealer's customer.

What brought this to our attention was that many of these purchasers are not getting their title and paperwork within our 30-day title delivery timeframe (SDCL 32-3-7). The purchasers are then contacting us for assistance. When the purchaser is asked who the vehicle was purchased from, the response is that it was purchased locally from a South Dakota dealer. The paperwork tells an altogether different story though. On paper, the sale was clearly made by an out-of-state dealership.

We see a lot of problems with the above scenario. First, we have an out-of-state dealer selling vehicles (at least on paper) in South Dakota, without a South Dakota dealer's license. Second, we have a South Dakota dealer performing consignment sales (at least on paper) with an out-of-state dealer. Both of these situations are prohibited in South Dakota.

Although we can empathize with you and your customers on the financing issues you face today, we cannot, under our current laws and regulations permit this practice. Any change would require legislative action.

We appreciate your cooperation in this matter. If you have any questions, please feel free to contact our office.

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