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**NEWS RELEASE**



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## CarMax to Pay \$1.1 Million to Resolve Consumer Protection Lawsuit

VENTURA, Calif. – A Santa Clara County judge has ordered CarMax Auto Superstores, Inc. to pay \$1.1 million to resolve a consumer protection action alleging the company failed to timely transfer vehicle registrations and ownership documents for used car buyers across California.

The settlement resolves a civil enforcement lawsuit filed in Santa Clara County Superior Court by the District Attorney's Offices of Ventura, Los Angeles, Riverside, Sonoma, San Francisco, and Santa Clara Counties. Prosecutors alleged that CarMax violated California law by failing to submit applications to the Department of Motor Vehicles (DMV) within the statutory deadlines and failing to timely deliver certificates of ownership to consumers.

"California consumers are entitled to prompt and lawful transfer of their vehicle registration and ownership documents," said Ventura County District Attorney Erik Nasarenko. "This settlement holds CarMax accountable and reinforces that large retailers must comply with the same consumer protection laws as every other dealer in our state."

California law requires used vehicle dealers to submit an application to transfer registration to the DMV within 30 days of the date of sale. If an application is returned for correction, dealers must resubmit it within specified statutory timeframes. Dealers are also required to ensure timely delivery of the certificate of ownership, commonly known as a pink slip, in accordance with those same deadlines.

According to the complaint, in thousands of instances dating back to 2019 CarMax failed to:

- Submit applications to transfer registration within 30 days of sale.
- Timely resubmit corrected applications when original filings were promptly returned by the DMV.
- Timely resubmit corrected applications when the original filings were submitted late.
- Deliver certificates of ownership within the statutory deadline.

Prosecutors alleged that these violations constituted unlawful and unfair business practices under California's Unfair Competition Law.

The \$1.1 million settlement includes \$900,000 in civil penalties, \$150,000 in investigative costs, and \$50,000 in cy pres restitution to support consumer protection enforcement efforts statewide. Ventura County's share of the settlement is \$150,000 in civil penalties and \$25,000 in investigative costs.

In addition to the monetary payment, the judgment includes injunctive terms requiring the creation and enforcement of policies to protect consumers, so that they will receive registration and ownership paperwork in a timely manner. These include: placing a "hold" on the sale of used vehicles when they do not have title in hand or a clear path to getting it within 30 days; requiring that a smog check or vehicle identification number (VIN) verification is performed prior to any sale; training salespeople to ensure that vehicles on "hold" are not sold until it is lifted; and ensuring that a designated employee at the level of regional senior manager or higher is responsible for overall compliance.

CarMax cooperated with the investigation and resolved the matter without admitting liability.