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## **CarMax to Pay \$1.1 M to Settle Consumer Protection Lawsuit**

***The judgment holds CarMax accountable for not transferring ownership of used cars on time***

LOS ANGELES — CarMax Auto Superstores, Inc. will pay \$1.1 million to resolve a civil lawsuit alleging that in thousands of instances dating back to 2019, CarMax failed to timely submit applications to transfer registration and ownership of used cars to the California Department of Motor Vehicles, unlawfully delaying consumers' legal ownership of the vehicle they purchased.

“This judgment sends the clear message that car dealerships must follow California law or pay the price,” Los Angeles County District Attorney Nathan J. Hochman said. “Consumers who buy a used car rightfully expect the dealership to comply with California law and transfer registration and ownership on time. We will continue to partner with district attorneys' offices across the state to protect Californians from unfair business practices and enforce consumer protection laws.”

CarMax, a Virginia corporation, owns and operates a network of used vehicle retail locations and is one of the largest retailers of used vehicles in the United States, with approximately 250 locations around the country, including over 30 stores in California.

In California, used car dealers must submit to the DMV an application to transfer registration and the certificate of ownership to a buyer within 30 days of the date of sale. If a timely application is rejected by the DMV, the dealership is required to submit a corrected application within 30 days from the date the application was first returned by the DMV or within 50 days of the vehicle sale, whichever is later.

The lawsuit alleged that CarMax repeatedly failed to meet these deadlines.

Under the judgment signed by Santa Clara County Superior Court Judge Jeffrey El-Hajj on March 24, CarMax must comply with consumer protection laws and implement specific new policies to help ensure that used vehicles sold are registered and transferred to consumers on time, such as:

- Placing a sales hold on used vehicles for which they do not have a title in hand or a clear path to getting it within 30 days or where there is a missing smog certificate, VIN verification or weight certificate, as applicable;
- Having a sufficient number of employees at all times to process registration and title paperwork; and
- Designating an employee at the level of regional senior manager or higher to be responsible for ensuring compliance.

CarMax must also pay monetary penalties totaling \$1.1 million, including \$900,000 in civil penalties and \$150,000 in investigative costs to the prosecuting agencies to be split evenly, and \$50,000 in restitution to the Consumer Protection Prosecution Trust Fund.

The case was investigated and prosecuted by the District Attorneys' Offices of Los Angeles, Santa Clara, San Francisco, Ventura, Sonoma and Riverside counties.

Head Deputy District Attorney Gina Satriano and Assistant Head Deputy District Attorney Steven Wang of the Consumer Protection Division handled the case on behalf of the Los Angeles County District Attorney's Office.

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