



BJA

Bureau of Justice Assistance
U.S. Department of Justice



Meeting Summary

National Motor Vehicle Title Information System (NMVTIS) ADVISORY BOARD MEETING Bureau of Justice Assistance Office of Justice Programs

Washington, DC
March 28, 2012

The NMVTIS Advisory Board convened its sixth meeting on March 28, 2012, at the Bureau of Justice Assistance, 810 7th Street N.W., Washington, D.C. The following individuals were in attendance:

Designated Federal Official (DFO)

Todd Brighton
Bureau of Justice Assistance

Advisory Board Members

William Brauch
Iowa Attorney General Office

Bernard Brown
The Brown Law Firm

Judith Fitzgerald
National Insurance Crime Bureau

Carl Ford
*Florida Department of Highway
Safety & Motor Vehicles*

John Giknis
Insurance Services Office, Inc.

Karen Grim
Virginia Department of Motor

Vehicles

Van Guillotte
*Oklahoma Department of Public
Safety (retired)*

Lynne Judd
Wisconsin Division of Motor Vehicles

George March
*Regional Information Sharing
Systems*

James Moors
*National Automobile Dealers
Association*

Howard Nusbaum
*National Salvage Vehicle Reporting
Program*

James Owens
CARCO Group, Inc.

Mike Robertson
*North Carolina Division of Motor
Vehicles and AAMVA Board Chair*

Neil Schuster
*American Association of Motor
Vehicle Administrators*

James Spiller
National Vehicle Service

Jim Taylor
Auto Data Direct, Inc.

John Van Alst
National Consumer Law Center

Robin Wiener
*Institute of Scrap Recycling
Industries, Inc.*

Michael Wilson
Automotive Recyclers Association

Guest Observers

Kerry Bentfield
American Salvage Pool Association

Bob Cox
Auto Data Direct

Brian Fanis
Equipment Data Associates

Peter Foley
American Insurance Association

Tricia Heon
National Auto Auction Association

Ted Hotham
Experian Information Solutions

Paul Kanitra

Carfax, Inc.

Diane Klund
Audatex

Steve Levetan
Pull-A-Part, LLC

Bob Passmore
*Property Casualty Insurers
Association of America*

Patricia Rimo
Consultant/Writer

Alechia Smith
*Mercedes-Benz Financial Services
USA LLC*

James Vogel
Equipment Data Associates

Bureau of Justice Assistance

Kim Bright
Todd Brighton
David Lewis
Patrick McCreary

Bureau of Justice Statistics

James Lynch
Gary Ramker

**American Association of Motor
Vehicle Administrators**

Patrice Aasmo
Vivienne Cameron
Catherine Curtis
Philip Guiot
Mekala Joy
Marney Michalowski
Philip Quinlan
Marc Saitta
Brian Ursino

Welcome Remarks and Introductions

Note: All presentations made at this meeting are available upon request. Please contact Todd Brighton, DFO.

Mr. Brighton called the meeting to order at 8:30 a.m., welcomed participants, and noted that acting chairman Christopher McDonold was not able to be present. Patrick McCreary, Associate Deputy Director, Bureau of Justice Assistance (BJA) Policy Office, greeted the group and remarked that although these are tough economic and budgetary times, sometimes it is times like these that drive partnerships to create the best long-term solutions.

Mr. McCreary introduced Jim Lynch, head of the Bureau of Justice Statistics (BJS), who addressed the group about the role of BJS: to provide descriptive statistics on crime and the functioning of the criminal justice system, including building criminal history repositories in the states. Mr. Lynch noted the tremendous improvement in the quality of information BJS receives from groups such as law enforcement, which they use for informational and statistical purposes. He remarked on the symbiosis between NVMTIS and the kinds of information BJS needs and emphasized the importance of information sharing. He noted that the two groups could look for opportunities to work together, including joint funding opportunities. Mr. McCreary thanked Mr. Lynch for his comments and underscored the power of data, as statistics offer the fundamental building block to identify issues, realize problems, and design solutions.

There being no questions from the group, Mr. Brighton reviewed the agenda and Ms. Cameron made administrative announcements. The Board then approved the November 2011 meeting summary, noting one change: the National Auto Dealers Association, as noted on page 16, should be changed to the Automotive Trade Association Executives.

Status Updates

DOJ Update

Mr. Brighton reported on efforts to increase state compliance, the results of a recent survey of the NMVTIS Board, and continuing enforcement efforts including a newly approved enforcement process.

Increasing state compliance. BJA is meeting with various state associations to further educate key stakeholder groups on NMVTIS – and emphasize the value of NMVTIS to both law enforcement and the public in each state.

Board survey results. Out of 16 Board members responding, 11 stated that a law enforcement official is the appropriate Board chair; 13 noted missing stakeholders on the Board (particularly the insurance industry); over 50% thought increasing state compliance should be the dominant task of the next Board; and 15 respondents thought the first Board had led to overall better understanding. Mr. Brighton thanked the respondents and noted the imperative to focus on increasing state compliance.

Enforcement efforts. In addition to continued outreach to the junk, salvage, and insurance (JSI) sectors, BJA recently began a dialogue with the largest charities that accept vehicle donations. BJA is also developing a secure collaboration on the Regional Information Sharing System (RISS) for auto theft investigators to share information, particularly as it appears there is a growing trend involving the theft of vehicles from residential streets for their immediate scrap value.

The major enforcement news is the development – and Department of Justice (DOJ) approval – of a five- step enforcement process for noncompliance with NMVTIS. Mr. Brighton reviewed a sample “final penalty decision considerations” worksheet, explaining the three factors that are considered to determine the size of the penalty. Mr. McCreary noted that the approval of this enforcement process positions BJA to move ahead with enforcement. Using the new process, BJA recently issued a notice of penalty to an auto recycling business in New Jersey, assessing a penalty of over \$43,000.

Questions and Discussion

In response to several Board members' questions, Mr. Brighton provided the following information:

- BJA's enforcement approach is to "win" compliance whenever possible through educational outreach and, where that fails, to focus on those businesses that despite being warned, still fail to report as required. BJA's focus does not target entities that try to comply with NMVTIS but may from time to time make errors in their submissions.
- BJA issued five additional Notice of Penalty letters that could result in penalties ranging from \$300,000 to \$2.8 million.
- Working with American Association of Motor Vehicle Administrators (AAMVA), BJA continues to develop data mining techniques to access both industry and individual business reporting.
- Mr. Brighton noted that although he had not noticed any geographical trends, analysis of auction reporting information demonstrated a large used car dealer purchasing presence in salvage vehicle auctions. Working with the used car dealer industry going forward would be a part of BJA's outreach efforts.

Regarding the issue of law enforcement agencies reaching out to NMVTIS due to vehicles being removed from the street and crushed within hours, Mr. Robertson noted that having a pointer on NMVTIS to NCIC would help the problem, and Ms. Fitzgerald and Mr. Ford noted that several states, including Florida, are taking legislative action to address this problem. Ms. Wiener told the Board about the Institute of Scrap Recycling Industries' (ISRI) national theft alert system that is free to law enforcement and that they are prepared to make available to BJA. Mr. Brighton noted the discussion on this topic, including the possibility of creating a working group to focus on law enforcement issues during the next Board term.

NMVTIS System Operator Update

Strategic Update

Ms. Aasmo stated that the priorities remain to reduce operating costs and increase program revenue:

- As part of the first priority, the system re-engineering is still slated for completion by year's end, with AAMVA planning to engage users in working groups at various points.

- Also in the first area, she noted that AAMVA is reviewing the JSI solution for possible duplicate reporting, lack of reporting, and cost of reporting, given that there are three data consolidators in addition to a free JSI reporting service provided by AAMVA. The plan includes meetings with all stakeholders to identify the most efficient, effective solution for NMVTIS.
- Regarding the second priority, AAMVA is focusing on consumer access, with two new providers having been added for a total of seven. The California bill, AB1215, continues to drive new interest. She noted that AAMVA has hired a Vice President of Business Solutions, Philip Quinlan, whose role will include looking at market opportunities assessment. She also updated the Board on AAMVA's efforts to define the requirements for an electronic titling proof of concept that will be presented to the AAMVA board in April.
- Finally, she provided an update on AAMVA efforts to develop an operator agreement to have in place by year's end, in light on the current grant funding coming to an end at the same time.

Operational Update

Ms. Cameron presented an update on a number of key operational highlights since the last Board meeting. Those included updates on the status of state compliance and the establishment of a stakeholder management strategy that will establish a number of stakeholder working groups. The stakeholder working groups will be staffed by AAMVA staff as applicable. Additionally, Ms. Cameron provided information on a new program that involves working with the General Services Administration (GSA) to apply brands on their crash test vehicles. Ms. Cameron completed her update with a summary of the consumer access provider status, highlighting that two new providers were added, and system statistics on the number of records and availability.

Ms. Cameron responded to questions from the Board regarding the reasons for the increase in the number of consumer access inquires, odometer brands, and clarification that the statistics within NMVTIS relate to records rather than VINs. She was also asked about a breakdown of help desk tickets by program area.

Financial Update

Mr. Saitta provided an overview of federal funding to date, with a focus on the activities planned under the FY 2012 \$5 million supplement awarded by BJA. This supplement represents the final installment of NMVTIS grant monies from BJA.

Mr. Saitta presented highlights of current financials, including the fact that the majority of spending (86%) is for base system operations, with 73% of that being staffing related. A little over half of the personnel working on NMVTIS core operating activities are contractors.

NMVTIS has accumulated approximately \$900,000 in program income to date. This stems from consumer access revenues, as well as income earned from the Department of Transportation's CARS Program in 2009-2010. Mr. Saitta added that by the time federal funding is exhausted, there would be an estimated \$1.3 million in program income earned. He also noted that AAMVA is spending its own funds on NMVTIS, with the system re-engineering expected to cost about \$4 million. Asked whether the re-engineered platform could serve AAMVA's own use as well, Mr. Saitta said it could not, explaining that the new infrastructure was expected to bring down NMVTIS costs.

BREAK

Education and Awareness

Consumer Protection Institute

The first presentation was scheduled at the request of NMVTIS Board member Walt Dartland. He suggested that the Board be briefed on the Consumer Federation of America (CFA) and its new Consumer Protection Institute. Mr. Dartland and Susan Grant, CFA's Director of Consumer Protection, provided the overview via conference call. The Institute, which is under development, will be a think tank within CFA, conducting research, convening stakeholder dialogues, and working on consumer education initiatives. Calling CFA a great channel for disseminating information, Ms. Grant explained that the new Institute could partner with NMVTIS to help with consumer education and awareness. CFA is currently seeking funding for the Institute's initiatives, which could be as simple as setting up meetings or as extensive as launching full-scale consumer awareness campaigns.

Mr. Brighton said CFA's offer was timely in that the Board will focus on reaching out to states that are not currently complying with NMVTIS. Ms. Grant provided her contact information, sgrant@consumerfed.org, as well as a website, consumerfed.org/fraud, which includes videos of anti-fraud campaigns that CFA has run in conjunction with private sector entities.

Update on California Bill AB 1215

The conference call portion of the meeting continued with the next presentation by Rosemary Shahan, founder of Consumers for Auto Reliability and Safety. She provided an update on that part of AB 1215 requiring a NMVTIS check before dealers put a used car for sale, announcing that it would take effect July 1, 2012. Ms. Shahan noted that there were unsuccessful efforts (SB 990) to get AB 1215 amended so that dealers could choose any commercial vehicle history. Her organization and others oppose the effort and were hopeful that SB 990 would not succeed.

The final conference call presenter was Mr. Peter Welch, President of the California New Car Dealers Association. He also provided comments on AB 1215, noting that his Association's board supports AB 1215's NMVTIS provision, believing that a federally mandated database on this information is a good idea and that NMVTIS will be a good filter. Mr. Welch noted that a major provision of AB 1215 – mandating that all new car dealers do registration electronically – makes database searches even more important. Both requirements are inspiring some new products, one of which will integrate the NMVTIS search into the dealer management used car inventory system. He also reported that in 2011 California sold just over 800,000 used vehicles.

Mr. Welch commented on the tenacity with which Carfax has opposed AB 1215, which might have been viewed as a strategic threat to their business model. He referenced some of the opposition literature that was issued by Carfax stating that the bill would make California the dumping ground for other states' junk, as criminals would take advantage of gaps in NMVTIS – namely, the 11 states that do not participate.

Law Enforcement and NMVTIS

David Lewis, Senior Policy Adviser with BJA, provided information on his role in connecting disparate databases, including the example of helping to establish the National Sex Offenders Public Registry. He explained that the rationale for establishing a secure law enforcement point of access to NMVTIS is to provide a one-stop-shop for law enforcement. Currently law enforcement can access the tool from two secure networks: the Regional Information Sharing System (RISS) and Law Enforcement Online (LEO), sponsored by the FBI.

He described the unique nature of the search tool in that no data is hosted on the system; it simply provides a search engine capability and also an archive function so that audit logs can be checked for enforcement purposes. In the two years the law enforcement tool has been up, there have been 1,322 users, with 517 new users in the past 10 months.

In responding to Mr. Brighton's mention of the problem of stolen vehicles being scrapped immediately, Mr. Lewis explained that work is underway on a collaboration zone for auto theft investigators – to provide a strong foundation for information sharing. He noted that RISS already includes a bulletin board for auto theft, although it may not be widely known.

Ms. Wiener supported the effort and once again offered ISRI's system for reporting online thefts as a resource, saying ISRI would modify it if necessary. There were several comments and questions posed by members of the Board regarding NCIC access by law enforcement. Mr. Lewis noted that an NCIC link

would soon be added, along with a link to Interpol's stolen car database (containing 4.22 million stolen vehicles), as well as a print capability.

Mr. Lewis also provided a demonstration of the NMVTIS LE Search Tool.

There was continued discussion among Board members regarding consumer access to stolen vehicle information. Mr. Lewis said they are considering using a red light/green light approach for consumer access to this information. Mr. Sullivan stated the additional new functionality would drive a lot of traffic to the sites and that his industry would use it every day. Mr. Taylor asked if it would be easier to provide the capability if it went initially only to corporate customers, and Mr. Lewis said he would have to ask the FBI. Mr. Robertson emphasized that he would like to see a red flag or a pointer that could say merely, "There is a problem; call your local police department."

Finally, Mr. Lewis updated the group on a plan for a pilot project with the FBI's N-Dex (National Data Exchange Program) – a law enforcement incident database that has 2.7 million files containing a VIN number.

LUNCH BREAK

Remarks from BJA Director

Mr. McCreary reconvened the meeting at 1:30 p.m. and introduced BJA Director Denise O'Donnell, who thanked Board members for their commitment and for the enormous progress the Board has made since its inception. Ms. O'Donnell highlighted the importance of NMVIS, noting that all states were either participating in NMVTIS or in development to do so; that over 1000 law enforcement agencies use the law enforcement access tool; and that over 42 million salvage or total loss records are in NMVTIS. She recognized AAMVA as a strong partner in the success of NMVTIS, saying BJA's goal is to have a formal operator agreement with AAMVA completed by the end of 2012.

Ms. O'Donnell recognized Mr. Brighton and Ms. Bright for their work in achieving a working protocol for NMVTIS enforcement, while noting the challenge of having essentially two people as the enforcement arm for the federal government. She encouraged the Board to brainstorm about this challenge and pledged that BJA would do the best job possible within the limited resources they have to enforce NMVTIS reporting requirements.

Mr. Nusbaum thanked her for the support, and Mr. Brown complimented her on the tone of her remarks, saying it was very encouraging.

Shareholder Group Exercise

The Board members selected one of four stakeholder groups (states, JSI, law enforcement, and consumers) – and engaged in a stakeholder group exercise for approximately 20 minutes. Representatives from each group then reported the following challenges and opportunities:

Ms. Judd reported challenges for the **STATES**:

- full participation
- a complete data set – plus the reliability and integrity of the data
- cost

The opportunities for the **STATES** are:

- Full integration of NMVTIS into state processes (Wisconsin and others are doing this)
- Continued partnership among and between stakeholders, particularly DOJ and AAMVA
- Opportunity for some cost offsets from the currently configured fee structure; these should be leveraged to increase benefit to consumers

Mr. Sullivan reported challenges for the **JSI SECTOR**:

- Streamlining of reporting
- Frequency of rejections and corrections/errors (not major but still an issue)
- Scope creep from a regulatory standpoint, as the industry struggles with expansion of regulation

The group did not report out on opportunities.

Mr. Brauch reported challenges for **LAW ENFORCEMENT**:

- Increasing awareness and use of NMVTIS in light of nationwide budget cuts
- Educating on the use of NMVTIS
- Finding a way that law enforcement's use of NMVTIS could help with the funding deficit (e.g., whether fines collected could be used to cover costs)

The opportunities for **LAW ENFORCEMENT** include:

- NMVTIS violations can be a gateway to a broader investigation that is under consideration
- Greater publicity of NMVTIS's successes in law enforcement efforts

- Promoting the fact that NMVTIS fosters proactive analysis of a situation (i.e., one can see a bigger picture)

Mr. Brown reported on challenges for **CONSUMERS**:

- AB 1215 could create a large volume of inquiries, and thus it is important to be sure the system can handle it.
- The language consumers see when logging onto NMVTIS should be looked at carefully so that it is clear on what consumers do and do not get.
- Getting the last state to report is critical, and thus the Board should complete the matrix of outstanding states being created by the Revenue Subcommittee.

Opportunities for **CONSUMERS** include:

- Incorporating the stolen car data into the database will be very beneficial.
- State dealers are among the best people to be educating and promoting NMVTIS, and a BJA representative would be the best to address state dealer associations periodically; there could be many good spin-off effects.
- Additional data (such as unperformed recalls) could be put into NMVTIS; this possibility should be explored.

Mr. Brighton said that this feedback, in combination with the Board survey results discussed earlier, would be taken into consideration by BJA going forward.

Subcommittee Report: Definitions and Terminology Ad Hoc

Ms. Wiener distributed the subcommittee's final report, which was comprised of a multi-page vehicle life cycle flow chart, a list of definitions for commonly misinterpreted or misused terminology, and a recommendation regarding when a vehicle is no longer a vehicle.

In developing the flow chart, the subcommittee focused on flows in and out of the following areas: insurers, parts recyclers, salvage pools and auctions, tow and wrecker operators, private owners/consumers, motor vehicle dealers, and scrap recyclers. In compiling the chart, the group discovered certain areas where there could be reporting issues, naming tow and wrecker operators, crushers, export, and abandoned vehicles.

The group provided definitions for the following terms (included in the hand-out, available upon request from Mr. Brighton): automotive parts recycling facility, scrap recycling facility, shredding facility, feeder yard, curbstoner, and mobile crusher.

Finally, the subcommittee offered for the Board's consideration a definition of when an automobile is no longer an automobile. Mr. Nusbaum commented that he thought it necessary to distinguish between the physical and administrative definitions of a car because there can be disparities between them. A burnt vehicle can still be purchased for the VIN, he noted, and administratively it is still regarded as a vehicle. For the administrative side, he proposed the following definition: "A vehicle is a vehicle until some point that it has been reported into NMVTIS as a crushed car."

Ms. Wiener called this a policy issue, Mr. Nusbaum did not agree with Ms. Wiener's interpretation and believes that the rule requires reporting by any NMVTIS reporting entity of all junk/salvage vehicles that they own or acquire unless already reported under a specific exemption already recognized by NMVTIS for a vehicle certified as having already been previously reported as crushed. More discussion ensued, with Ms. Wiener noting that while everyone wants to see loopholes closed, that is a different issue than defining terms according to the rule. Mr. Taylor and Mr. Spiller complimented Ms. Wiener on her leadership of the subcommittee and commended the results.

Subcommittee Report: Revenue Options

Mr. Van Alst, subcommittee chair, reported that while they have explored various issues, the number one revenue issue is the missing data and lack of full state participation in NMVTIS. Toward that end, the subcommittee made two recommendations to the Board:

1. Develop a two-page document explaining NMVTIS's benefits to consumers, state DMVs, law enforcement, dealers, and everyone else for distribution to state legislators and others who might be able to help get states onboard.
2. Form an ad hoc committee focused on getting the remaining non-reporting states onboard. To help in this effort, the subcommittee has begun developing a matrix for the outstanding states, including the identification of stakeholders to help toward compliance as well as barriers or hold-ups to compliance. The subcommittee proposes ranking states in terms of priority and determining which states are close to coming onboard. They advise narrowing the list to about five states where there is a real hold-up that needs addressing and where there is a reasonable chance of success.

Subcommittee Report – Technological Capabilities

Mr. March, subcommittee chair, discussed the five recommendations of the subcommittee – some of which were listed at the previous meetings. The subcommittee recommends:

1. That AAMVA establish an IT change control process that includes all affected stakeholders. Mr. March noted that AAMVA has submitted one to BJA, where it is being reviewed.
2. That AAMVA continue with the IT re-engineering approach.
3. That AAMVA provide the subcommittee with copies of status update reports on the IT re-engineering, the same as they provide monthly to BJA. Mr. March said the subcommittee has not yet received any of these.
4. That AAMVA provide the subcommittee with a document or chart illustrating NMVTIS system capacity as it relates to anticipated transaction volumes. The document should include a projection of the planned and existing capacity and a projection of the cost of increasing capacity in the future if that should become necessary. Mr. Nusbaum explained the reasoning, which is to learn the absolute maximum capacity of the system re-engineering as well as the expected cost of running the system at different transaction volumes.
5. That a technology subcommittee – not necessarily one of the same size or the same members – remain in existence throughout the period of the re-engineering.

In addition, Mr. March offered the assistance of the subcommittee with any aspects of the states' challenges.

BREAK

Discussion of State Outreach Strategy Matrix

Mr. Van Alst led a discussion of the state matrix as suggested by the Revenue Subcommittee. Ms. Cameron suggested that a number of factors be considered in setting priorities: the size of the state; the potential amount of data to be added; whether the state is actively engaged with AAMVA currently; and what activities need to be added further. To help identify priorities, Ms. Cameron reviewed each of the non-compliant states, offering targeted comments. Mr. Van Alst proposed deleting DC and Maine from the matrix, as both are in the process of complying. Board members were tasked with considering how they and their associations/agencies may be of assistance in future outreach efforts in these states. Any input was requested to be sent directly to Mr. Brighton for review.

Discussion ensued about targeting specific states, with various Board members offering suggestions and comments, including the idea of capitalizing on possible media coverage at the time AB 1215 goes into effect and using the coverage as

an opportunity for education. The point was made that additional encouragement in some states might actually be counter-productive. Mr. Van Alst said, however, that when groups within a state inquire about NMVTIS compliance, there should never be a problem, even with the cautions expressed. Ms. Cameron said AAMVA would update the matrix to include other stakeholders such as attorneys general, and asked members to submit specific ideas and contacts to Mr. Brighton.

Public Observer Comments

Peter Foley, American Insurance Association (AIA), asked that the Property Casualty Insurance Association of America (PCIA) and AIA be added to the Board when the charter is renewed to get insurers at the table; Robert Passmore of PCIA agreed.

Alechia Smith from Mercedes-Benz Financial Services proposed adding finance companies to the Board and to the flow chart, as these companies own many of the vehicles on the street. She thanked the Board for moving forward with NMVTIS, saying it would help in mitigating title fraud.

Steve Levetan of Pull-A-Part thanked Ms. Wiener and the Definitions Subcommittee. He raised the problem of vehicles being stolen and sold as scrap, stating that his company has been working with law enforcement and state agencies around the country to address it. He expressed his willingness to help prevent thefts and help capture and prosecute the responsible parties. He emphasized the importance of working together, particularly at the state level, and offered an example of success in Georgia that resulted from getting information to law enforcement more quickly than the NMVTIS reporting requirement. Mr. Levetan proposed pushing compliance down to the local level where possible, continuing the outreach to law enforcement, and also getting information out at the local level, adding that the law enforcement tool he learned about at the meeting is terrific.

Adjournment/Closing Remarks

Mr. McCreary took the opportunity to advise the Board that BJA would evaluate stakeholder balance in forming the new Board, adding that notification would be sent out in June. He expressed his appreciation to the current Board members for continually informing BJA and helping to move NMVTIS forward. He called AB 1215 an affirmation of the value of NMVTIS, thanked the BJA staff and AAMVA for their commitment, and concluded that this is how government is intended to work.

Mr. Brighton also thanked Board members and said the next meeting is tentatively scheduled for September 2012.