

# **National Motor Vehicle Title Information System (NMVTIS) Advisory Board Meeting Summary**

**February 9, 2016**

*National Motor Vehicle Title Information System (NMVTIS) Advisory Board (NAB or “Board”) in-person meetings will be held once per calendar year. BJA will sponsor periodic NAB Webinars in order to maintain Board momentum throughout the year.*

## **Opening Remarks**

Todd Brighton, Bureau of Justice Assistance (BJA), Designated Federal Official (DFO) for the NMVTIS Advisory Board (NAB), called the meeting to order at 9:00 a.m. and welcomed participants. He then introduced Associate Deputy Director Patrick McCreary, who presented BJA Director Denise O’Donnell. Director O’Donnell welcomed Board members and thanked them for their continued service. She referenced a personal anecdote as a mark of the necessary work that NMVTIS is accomplishing. Director O’Donnell apologized for not being able to attend the entire meeting as she had prior engagements with Congress.

The following Board Members were in attendance:

- Mark Binder *Farmers Insurance*
- Bernard E. Brown *The Brown Law Firm*
- Greg DePasquale *Copart*
- Anne Ferro *American Association of Motor Vehicle Administrators (AAMVA)*
- Judith Fitzgerald *National Insurance Crime Bureau*
- Greg Grzeskiewicz *Assistant Attorney General for Illinois*
- John C. Hallerud *Federal Trade Commission*
- Mario Jorquera *U.S. Environmental Protection Agency*
- Steve Levetan *Pull-A-Part*
- Robert W. Maynard *California Highway Patrol*
- Kenneth A. Mehall *Computerized Vehicle Registration*
- Howard Nusbaum *National Salvage Vehicle Reporting Program*
- Shaun Petersen *National Independent Automobile Dealers Association*
- James Spiller *National Vehicle Service*
- Jennifer Timian *National Highway Traffic Safety Administration*
- Josh Whiteside *Pennsylvania State Police*
- Robin Wiener, Board Chair *Institute of Scrap Recycling Industries, Inc.*

## **BJA**

- Denise O'Donnell, Director
- Patrick McCreary
- Todd Brighton, DFO
- David Lewis
- Kim Bright
- Lauren Gonzalez

Mr. Brighton reviewed the meeting agenda and pointed to a number of major items to be discussed throughout the meeting, including financial sustainability and state-level compliance for NMVTIS. He also reminded Board members to complete and submit their certificate of no-conflict/non-disclosure to him by the end of the meeting.

## **Ethical Considerations for the NMVTIS Advisory Board**

Charles Moses, Office of General Counsel (OGC), as the designated ethics official for the Office of Justice Programs (OJP) gave a briefing on ethical considerations for Federal Advisory Board Members. Mr. Moses began by pointing to the unique nature of the Board's singular and specific focus on NMVTIS, noting that it may be necessary in the future to require a confidential financial form from each of the Board members. For now, Mr. Moses stressed the importance of completing the no-conflict/non-disclosure form provided to each member. Howard Nusbaum, (NSVRP) later advised making an adjustment in the implicit bias section on the form and Mr. Moses agreed to the revision. [Note: the revised form is still pending from OGC for distribution to the members]

In regards to the Board's charter:

- Mr. Moses mentioned that it is important for Federal Advisory Boards to delineate operational bylaws, which are not part of the current charter. Board Chair Robin Wiener pointed to their operational procedures, and discussed the possibility of adopting those procedures as bylaws.

In regards to general ethics training:

- Mr. Moses discussed the appropriate role of a board member serving on a Federal Advisory Committee. Each member was selected by BJA because of his/her expertise and diverse background. Mr. Moses was quick to point out that everyone holds an inherent bias; all their affiliated organizations are listed on their name cards and this in itself reveals one's potential bias. He noted what was of greater potential concern was an undisclosed bias.
- Mr. Moses stated that the purpose of a Federal Advisory Committee is to inform federal policy and programs. This kind of policy advice should be broad in nature and at a high level. Certain topics that necessitate the Board's advice include self-sustainability, options for additional revenue, suggestions for system improvements, and how best to have NMVTIS interact with the states. Policy recommendations should be general, non-specific statements.

- Mr. Moses grouped the main ethical considerations into three categories:
  - Handling non-public information (any Federal Advisory Committee meeting must be public and report-outs from subcommittees must also be made public)
  - Determining whether there is personal, organizational, or familial conflict of interest
  - Accepting gifts (generally this is prohibited if a gift is worth more than \$20)

Chair Wiener asked about the ethics of Board members sponsoring a second in-person NAB meeting in 2016 due to limited BJA funds to sponsor more than one a year. Mr. Moses replied that the sponsorship would need to go through the gift acceptance committee of OGC, a process which could be initiated by Mr. Brighton once a proposal was initiated.

## **NMVTIS Status Updates**

### **BJA**

Mr. Brighton gave a brief update on BJA-related awareness efforts, as well as, planned outreach to the data-providing only and in-development states to determine how BJA can better assist each to attain full participation. To date, he noted that BJA received replies from approximately half the state DMVs contacted.

Mr. Brighton stated that BJA is working with OGC to create a follow-up notification for businesses that have been contacted by BJA for nonreporting but that do not acknowledge the outreach and begin reporting. The issue arose from last year's Florida business outreach effort where BJA contacted via email approximately 800 businesses that registered for a reporting ID, but never reported to NMVTIS. BJA noted that about 50% of the businesses responded to the notification by beginning to report and/or contacting BJA. OJP's Deputy Assistant Attorney General requested follow-up with the other 50% of the businesses who did not take action and the pending draft notification is a result of that request. Additional state outreach efforts will be held pending the planned clean-up of the list of reporting IDs to remove unused IDs before the new outreach to businesses.

Mr. Brighton stated that BJA issued final determinations for six insurance carrier cases. He estimated that this effort yielded approximately 150,000 additional VINs that otherwise would not have been reported by the carriers into NMVTIS. Mr. Brighton noted that approximately \$1.3 million in civil penalties had been collected to date and that the way the current statute is written, these funds go to the Treasury rather than to support the program.

### **Law Enforcement Access Tool**

David Lewis, Senior Policy Advisor gave an update on the Law Enforcement Access Tool (LEAT). Currently, there are 3,000 active users of LEAT and the new bulk-search capability has greatly reduced search time and provided quality results. The total number of searches in 2015 amounted to 66,750.

In regards to LEAT-related communications:

- Mr. Lewis works with the six Regional Information Sharing Systems (RISS) centers on raising awareness and education around LEAT. Mr. Lewis has one webinar scheduled for each RISS center and he conducted seven webinars for LEAT in 2015.
- Mr. Lewis presented LEAT at the Maryland Technology Conference and demonstrated the tool at meetings with the Virginia State Police and the Pennsylvania State Police Auto Theft Investigators.
- Mr. Lewis is scheduled to present the tool at the International Auto Theft Investigators (IAATI) conference in Phoenix, Arizona and Chris McDonold, Board Member will also be presenting on LEAT at the International Association Chiefs of Police (IACP) conference in San Diego, California.

In regards to LEAT updates:

- The Memorandum of Understanding (MOU) for the National Crime Information Center (NCIC) theft file has reached its final stages. Law enforcement agencies will be able to see in a single search if the vehicle in question has been stolen.
- Canadian law enforcement can now use LEAT.
- Customs and Border Protection (CBP) will provide historical data on exports as well as real-time access to searches on exports at ports to the US.
- There is still continued discussion occurring on including National Data Exchange (N-DEx) program incident data.
- INTERPOL is working with LEAT to provide information on vehicle theft. Currently they have close to 6.5 million records.

In regards to the status on new data sources:

- LEAT will soon integrate a database on vehicles with suspected flood damage. Currently the system includes flood damage information from Hurricane Katrina and Hurricane Rita, but BJA has approval to include 500,000 additional records of flood-damaged vehicles from Hurricane Sandy.
- Mr. Lewis said there are plans to integrate a “suspicious VIN database” into LEAT. This would include information on vehicles that are suspected clones, counterfeits, or junk and salvage imports coming in from Canada. CBP wants to integrate the Canadian vehicle registry; the idea is for Canadian investigators to be able to input data and note if they wish to be contacted related to the information.
- Mr. Nusbaum and James Spiller (NVS) asked whether information from Canada will also be integrated and will Mexican law enforcement agencies access be prohibited. Mr. Lewis replied that information from Mexico is managed by the FBI and that Mexican law enforcement agencies do not have access to LEEP or RISS and therefore do not have access to NMVTIS. Mr. Spiller then voiced his concern about Mexican citizens or those from Central and/or South America having internet access to NMVTIS vehicle history reports. He raised the issue that drug cartels or other criminal organizations would have access to US vehicle information that could verify the possible location of a US citizen, at least to the state of residence. He wasn’t sure how the board or DOJ could address this concern but wanted it on the advisory board’s radar.

# NMVTIS System Operator

## Strategic Update

Philip Quinlan, Vice President, AAMVA, provided strategic and operational updates. His briefing focused on two areas:

1. Operational performance
2. Quarterly financial results

Program highlights:

- Mr. Quinlan referred to the now familiar national colored map when discussing state-level status. He pointed out the thirty-eight states are fully participating, six states are providing data only, and the seven states are in development. He stated that 96% of all the registered vehicles in the United States are represented in NMVTIS. There was discussion that the statistic might be misleading due to the fact that Tennessee had not provided updated information in years.
- Mr. Quinlan mentioned that the AAMVA State Business Rules Working Group is continuing with analysis of the performance management concept and has finalized the third edition of “NMVTIS Best Practices for Title and Registration Program Managers in DMVs”. He stated that 11 new best practices have been added, and that publication is scheduled for spring 2016.
- Regarding the Junk Yard, Salvage Yard, and Insurance Carrier (JSI) reporting program, Mr. Quinlan stated AAMVA held discussions around accurate reporting with key stakeholders and identified concerns about reporting entity information being out of date. As a result, Copart updated their information to provide point of contact information for vehicle owners who may have a question regarding what was reported into NMVTIS.
- The consumer access program will undergo a 20% rate increase, effective March 1, 2016. Mr. Quinlan said there’s been a move to creating additional tiers or rates to encourage large volume users. The lowest rate is \$0.18 per billed transaction for volumes of 1.0 million transactions a month. The established monthly revenue minimum is \$7,500 a month and a non-refundable application fee of \$1,000. Mr. Quinlan stated that over 60 businesses expressed interest in becoming approved data providers and two completed applications.
- There was then discussion around the consumer access program and whether the ultimate driver of program revenue was individual buyers or commercial customers, like used auto dealers, who in California at least are required to run a NMVTIS vehicle history report for every used car sold.

In regards to system performance:

- Mr. Quinlan said the system is performing above target service level of 99.5% in areas of central site, consumer access, state web interface, and direct reporting service. He also noted that transaction growth is steady and total records amount to over 1.2 billion.

In regards to FY16 quarterly financial results:

- Mr. Quinlan reviewed the revenues and expenses for NMVTIS, noting that the program loss of \$500,000 is an improvement of 37% compared to what was expected for the quarterly loss.

At this time, Mr. Brighton noted the time, and in the interest of being able to dedicate time to key afternoon agenda items, changed the agenda to remove subcommittee meetings/report-outs and instead allot time for discussion on Board member-requested topics.

## **Board member Requested Topics for Discussion**

### **Recall Data and NMVTIS**

Board Member Richard Holcomb (Commissioner, Virginia DMV) had suggested that the status of adding recall data into NMVTIS be added to the agenda. He was unable to attend due to state legislature commitments so he asked a member of his staff (Karen Grimm, Assistant Commissioner) start the discussion. She provided an overview of an approach to how Virginia could leverage existing vehicle registration processes to add recall information to the transactions. The goal was to create a singular source of information for consumer protection. In order to scale this program out to different states, it would require systemic changes to NMVTIS and how AAMVA integrates the information, but Ms. Grimm argued that this would be a better alternative to building a new system.

Several proposals came out of this effort that could potentially be a pilot program under the FAST Act:

- A mandate that car-dealerships run a NMVTIS report for every used vehicle
- DMV-sponsored promotional and educational campaigns on NMVTIS
- Establishing a process to run a NMVTIS report during the time of vehicle registration or renewal of registration

Mr. Nusbaum recommended the identification of different touch points that occur between the DMV and customer, as these interactions could also become an opportunity to run a NMVTIS report on vehicles. Mr. Nusbaum suggested one such touch point could be during the emissions renewal process. Bernard Brown agreed with Mr. Nusbaum and emphasized that it is essential to map out the natural cycle in the titling system to help with the safety recall issue.

When asked about the Department of Transportation's (DOT) opinion on the matter, Board Member Jennifer Timian (NHTSA) stated that the DOT held no official opinion. Ms. Timian did have several questions on Virginia's suggestions for a pilot program under the FAST Act and wondered if it was necessary to have NMVTIS involved as a pass-through and whether there was an opportunity to engage auctioneers in the process.

There was consensus among the board members that further discussions about recall data and potential links to the NMVTIS system were recommended between BJA and DOT.

## **NMVTIS Reporting ID Numbers for All Salvage Vehicle Buyers**

This topic was deferred at this time. RD Hopper's letter concerning the topic and his suggestion to BJA for reporting requirements was deemed by OGC to be too specific and "in the weeds" given the input the advisory board is intended to provide.

[Note: this led to a separate, but related discussion on the issue that individuals (not incorporated or licensed businesses, need the ability to be able to register and obtain a reporting ID. Currently that is not the case via AAMVA's Direct Reporting Service or through the other data consolidators. There was consensus among the board members that this capability should be made available as soon as possible. It was noted that a number of state-level NMVTIS-related legislative initiatives were in part reliant on the existence of this registration process. BJA has directed AAMVA to work with the consolidators to implement this as soon as possible.]

## **NMVTIS Financial Review and Sustainability**

Following the lunch break, Chair Wiener facilitated a discussion on financial sustainability. She began by reminding the Board members that one of the stated goals in the Cooperative Agreement between BJA and AMMVA was to reach financial sustainability in FY2019. The discussion centered on AAMVA's 5-year budget projection chart/slide which had been shared with the members for review prior to the meeting.

Some comments noted during this discussion included:

- Were AAMVA's revenue projections too conservative? There was a sense that demand might be stronger given the amount of businesses interested in becoming data providers.
- Members noted the need to devise a strategy to provide the states with lessons learned when adopting NMVTIS-related programming and implementation.

Mr. Spiller mentioned there needed to be a strategy on how to obtain consumer buy-in. He questioned if there was a way to create a mutual-benefit scenario, such as a legislative documentation fee. Another member suggested looking into more cost-cutting strategies to reduce expenses. Chair Wiener conveyed that current annual program losses are being absorbed by AAMVA. Mr. Nusbaum stated that most of the staffing is not related to the handling of consumer inquiries and that this expense is in fact subsidized by another party. He mentioned this because he found that some of the data stated in Mr. Quinlan's presentation would therefore be misleading. Mario Jorquera (EPA) suggested that auto manufacturers may value NMVTIS and be willing to become regular customers if the data included recall information.

## **Accurate Reporting**

The discussion around accurate reporting was facilitated by Mr. Brighton. He noted that this was a discussion being continued from last fall. He noted the previous concerns shared by AAMVA about state DMV issues that had arisen due to inaccurate reporting. Mr. Brighton then went on to say that BJA had also been recently notified of a number of complaints by automobile owners where certain businesses have incorrectly reported automobiles as junk or salvage to NMVTIS.

He then read the following language directly from a Guidance Memo on Accurate Reporting that will soon be posted to the NMVTIS website:

“Junk yards and salvage yards are required to report to the System operator an “inventory of all junk automobiles or salvage automobiles obtained by” that yard and provide a “statement of whether the automobile was crushed or disposed of for sale or other purposes.” 42 U.S.C. § 30504(a). The inventory to be reported to NMVTIS, therefore, is NOT ALL automobiles in a yard’s inventory, but those junk and salvage automobiles in its inventory. BJA has previously provided guidance to the junk- and salvage-yard industries in which we acknowledged that the extent of damage to an automobile may make a reporting entity’s determination of such automobile’s “junk” or “salvage” status a close call. As a result, BJA advised that, in those circumstances, the reporting entity should maintain documentation supporting its determination to report or not report such automobile.

The submission to NMVTIS of automobiles not meeting the NMVTIS definitions for junk or salvage automobiles is a form of non-compliance. BJA strongly encourages all NMVTIS reporting entities to maintain documentation supporting determinations to report automobiles to NMVTIS.”

## **Public Observer Comments**

Mr. Brighton opened the floor for public comment. William Pagan (Cargo Group) suggested utilizing API to enhance the NMVTIS database. Michael Wilson (Automotive Recyclers Association) spoke about safercar.gov and how it is currently geared towards individual consumers rather than commercial use.

## **Closing Remarks**

After the conclusion of the public comment period, Chair Wiener reiterated the Board’s intention to have a second in-person advisory board meeting if at all possible. There was a brief discussion to clarify what costs need to be covered (travel, hotel, and per diem). Further discussions will be held between Chair Wiener and Mr. Brighton going forward.

Several Board members asked to prioritize discussion around recalls for the next conference call or meeting.

Chair Wiener then closed the meeting by stating her appreciation to the Board members for their continued service to NMVTIS. The meeting was adjourned at approximately 3:45pm.