



U.S. Department of Justice

Office of Justice Programs

Bureau of Justice Assistance

Washington, D.C. 20531

August 27, 2010

RE: Federal Enforcement of Requirements Regarding Auto Recyclers, Salvage Yards, Junk Yards, and Certain Other Businesses Engaged in Salvage and Total Loss Automobile Commerce

Dear Business Owner:

Reporting information on junk and salvage vehicles to the National Motor Vehicle Title Information System (NMVTIS)—supported by the U.S. Department of Justice (DOJ)—is required by federal law, and by doing so you play an integral role in DOJ’s efforts to prevent fraud, reduce theft, and potentially save the lives of consumers who might otherwise unknowingly purchase unsafe vehicles. As of today, over 19 million salvage or total loss records have been reported by approximately 8,000 registered reporting entities.¹ Although the number of reports is encouraging, DOJ has been informed that some entities are not reporting because, as it has been explained, they claim to be uncertain of the NMVTIS requirements or they do not believe the requirements will be enforced. For these reasons, DOJ is pursuing additional outreach to ensure that all reporting entities are notified of the reporting requirements, methods for reporting, DOJ enforcement efforts, and penalties for non-reporting, including substantial civil penalties.

NMVTIS Reporting Entity

An NMVTIS Reporting Entity includes any individual or entity that meets the federal definition, found in the NMVTIS regulations at 28 C.F.R. § 25.52, for a “junk yard” or “salvage yard.” The regulations are available at <http://edocket.access.gpo.gov/2009/pdf/E9-1835.pdf>. According to those regulations, a junk yard is defined as “an individual or entity engaged in the business of acquiring or owning junk automobiles for— 1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.” The regulations define a salvage yard as “an individual or entity engaged in the business of acquiring or owning salvage automobiles for— 1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.” These definitions include vehicle remarketers and vehicle recyclers, including scrap vehicle shredders and scrap metal processors as well as “pull- or pick-apart yards,” salvage pools, salvage auctions, and other types of auctions handling salvage or junk vehicles (including vehicles declared by any insurance company to be a “total loss” regardless of any damage assessment). Businesses that operate on behalf of these entities or individual domestic or international salvage vehicle buyers, sometimes known as “brokers” may also meet these regulatory definitions of salvage and junk yards. Reporting entities can determine whether a vehicle is junk or salvage by referring to the definitions provided in the NMVTIS regulation. An NMVTIS Reporting Entity is required to report specific information to NMVTIS within one month of receiving such a vehicle, and failure to report is punishable by a civil penalty of \$1,000 per violation.

¹ An “NMVTIS Reporting Entity” includes any entity that meets the NMVTIS definition for junk yard or salvage yard. An “NMVTIS Reporting Entity” is required to report specific information to NMVTIS and failure to report is punishable by a civil penalty.

NMVTIS Reporting Requirements

By no later than March 31, 2009, all auto recyclers, junk yards, and salvage yards were required to fully comply with NMVTIS as established by the Anti Car Theft Act of 1992 (Public Law 102-519), the Anti-Car Theft Improvements Act of 1996 (Public Law 104-152), and its implementing regulations (28 CFR part 25, published January 30, 2009, 74 FR 5740). These regulations were published in the *Federal Register* in January 2009 and are available via www.vehiclehistory.gov. While these regulations are the definitive source of NMVTIS reporting requirement information, other explanatory information is also available on this web site, including frequently asked questions and a contact e-mail address for further questions. DOJ has communicated regularly about NMVTIS and its reporting requirements through many of the insurance, auto dealer, recycler, and salvage industry associations, and a letter was recently sent to these associations asking them to notify their members of the commencement of DOJ's enforcement efforts.

In summary, the regulations require all junk yards and salvage yards (as defined above) handling five or more junk or salvage motor vehicles per year to provide NMVTIS with the following information on each junk or salvage automobile obtained in whole or in part in the prior month (including automobiles obtained through the U.S. Department of Transportation's Cash for Clunkers Program as well as salvage automobiles obtained through other means):

1. The name, address, and contact information for the reporting entity (junk yard, salvage yard, recycler).
2. Vehicle Identification Number (VIN).
3. The date the automobile was obtained by the reporting entity.
4. The name of the individual or entity from whom the automobile was obtained.
5. A statement of whether the automobile was crushed or disposed of, for sale or other purposes, to whom it was provided or transferred, and if the vehicle is intended for export out of the United States.

It is important to note that state motor vehicle titling agencies have separate reporting requirements under the NMVTIS regulations than do other reporting entities. Although junk yards and salvage yards are not required to report to NMVTIS if they already report ALL the required NMVTIS information (listed above) to their state **AND** their state provides the required information to NMVTIS on their behalf as required, **no state is currently reporting all of the data required. Thus, junk yards and salvage yards must report automobile data directly to NMVTIS until and unless the state they are located in begins reporting the information required by the yards.** Reporting is required of junk yards and salvage yards in every state and the District of Columbia without regard for their state's reporting compliance status. For more information regarding the junk yards and salvage yards reporting requirements, please review the NMVTIS regulations: <http://edocket.access.gpo.gov/2009/pdf/E9-1835.pdf>.

Methods for Reporting the Required Information to NMVTIS

DOJ and the NMVTIS operator, the American Association of Motor Vehicle Administrators (AAMVA), partnered with the private sector to provide multiple reporting methods to meet the business needs of reporting entities. Currently, there are four reporting methods or services available, offering individual VIN and batch reporting options. At least two service providers offer a **no-cost** per-transaction program as well as enhanced reporting services. In addition, at DOJ's request, AAMVA has made available a basic, no-cost per transaction, direct reporting service via the Internet. More detailed information on these reporting options can be found at: www.vehiclehistory.gov/nmvtis_auto.html.

NMVTIS Enforcement

The NMVTIS statute includes an enforcement provision requiring DOJ to impose and collect penalties for those junk yards, salvage yards, and insurance entities that fail to meet their reporting obligations pursuant to the Anti Car Theft Act as amended. Since January 2009, DOJ has focused its attention on development and implementation of NMVTIS, rather than actively pursuing enforcement against entities that are in violation of their reporting obligations. However, it is clear that maintaining the integrity of the system and the data within it counsels us to begin more active enforcement efforts. As a result, our enforcement efforts have begun and staff assigned to examining and investigating potential violations are making site visits to entities that are required to report to NMVTIS and advising these entities of violations. Our efforts will focus on reporting since April 2009 as well as current and future reporting. In addition, we are collaborating with the National Highway Traffic Safety Administration's compliance officers to identify and investigate NMVTIS reporting violations and other federal requirements related to reporting on salvage motor vehicles. We are also collaborating with other components of DOJ that have consumer protection and investigative responsibilities related to motor vehicles.

Failure to report to NMVTIS as required is punishable by a civil penalty of \$1,000 **per violation**. Accordingly, for example, a failure to report 100 junk or salvage automobiles could result in a civil fine of up to \$100,000. NMVTIS Reporting Entities are responsible for ensuring all required information has been reported to NMVTIS accurately and within the timelines required. DOJ is not obligated to perform a site visit or provide additional time to provide data or correct reporting deficiencies before imposing any fine. If you wish to notify DOJ of an entity that is not currently reporting, please e-mail nmvtis@usdoj.gov and include "Non-reporting Referral" in the subject line of the message.

Additional information regarding the NMVTIS reporting requirements, policy clarifications, frequently asked questions, and a public database to check reporting status of a junk yard, salvage yard, or insurance entity can be found on the NMVTIS web site: www.vehiclehistory.gov. If you have questions or require clarification of the reporting requirements, you may e-mail us at nmvtis@usdoj.gov and include "Reporting Requirement Question" in the subject line of the message.

Thank you for meeting the reporting requirements required by law and for helping to prevent crime in your community.

Enclosure