

National Motor Vehicle Title Information System (NMVTIS)

Advisory Board Meeting

Final Minutes

February 24, 2015

The initial meeting of the 2014-2016 NMVTIS Advisory Board convened on February 24, 2015, at the Office of Justice Programs, 810 Seventh Street, NW, Washington, DC. The following individuals were in attendance:

Federal Officials

Todd Brighton (Designated Federal Official)
Bureau of Justice Assistance

J. Patrick McCreary
Bureau of Justice Assistance

David Lewis
Bureau of Justice Assistance

Kim Bright
Bureau of Justice Assistance

Advisory Board Members

Mark Binder
Farmers Insurance

William Brauch, **Board Chair**
Iowa Attorney General Office

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

John C. Hallerud
Federal Trade Commission

Charles H. Hollis
Rhode Island Division of Motor Vehicles

RD Hopper
Sonny's Auto Salvage

Mario Jorquera
U.S. Environmental Protection Agency

Steve Levetan
Pull-A-Part

Mark Lowe
Iowa Department of Transportation

Carlos Martins
ISO ClaimSearch Solutions

Robert W. Maynard
California Highway Patrol

Christopher McDonold
Maryland Vehicle Theft Prevention Council

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, NFPC

Jennifer Timian
*National Highway Traffic Safety
Administration*

Josh Whiteside
Pennsylvania State Police

Guest Observers and Presenters

Betsy Beckwith
Automotive Recyclers Association

Delanne Bernier
Automotive Recyclers Association

Vivienne Cameron
AAMVA

Cian Cashin
AAMVA

Peter Foley
American Insurance Association

Randall Friedland
Covington and Burling, LLP

Lorraine Friel
NOBEL Systems, Inc.

Philippe Guiot
AAMVA

Faisal Hassan
CARFAX, Inc.

Brian Hildreth
Insurance Auto Auctions, Inc.

Jim Irish
instaVIN

Mekala Joy
AAMVA

Tom Manuel
AAMVA

Sarah Kathryn McRae
Auto Data Direct, Inc.

Marney Michalowski
AAMVA

Bradley Miller
National Automobile Dealers Association

Philip Quinlan
AAMVA

Jim Taylor
Auto Data Direct, Inc.

Ryan Toole

Lynn Wasylina
AAMVA

Danielle F. Waterfield, Esquire
Institute of Scrap Recycling Industries, Inc.

Michael E. Wilson
Automotive Recyclers Association

**Institute for Intergovernmental Research
(IIR) Staff**

Donna Lindquist
IIR

Terri Pate
IIR

Welcome and Opening Remarks

Todd Brighton, Designated Federal Official to the NMVTIS Board, called the meeting to order at 8:30 a.m. and welcomed participants. Mr. Brighton indicated that he hoped the day's discussion continued to yield a better understanding of the complexity of NMVTIS, especially for those newer members of the board, and how its various segments interact, as well as how actions taken or not taken impact the accuracy of the information farther downstream.

Mr. Brighton advised that some of the trends seen in the past year include the desire of a number of states to report for their junk and salvage industries in NMVTIS. This is something that DOJ supports as being consistent with the regulation. Mr. Brighton indicated that an increase in the use of this system at the state level in the law enforcement community and with the public at large has also been observed. However, that success brings challenges as well, such as the potential for over reporting. The increased reliance on NMVTIS and the potential for over reporting makes the need for a better understanding of the corrections process even more important.

Mr. Brighton introduced Patrick McCreary, BJA Associate Deputy Director for Policy. Mr. McCreary welcomed the participants, with special recognition to the new members and guests in attendance, and congratulated Bill Brauch on his appointment as Chair of the NMVTIS Advisory Board. Mr. McCreary also recognized Anne Ferro, President and CEO of AAMVA, and thanked her for her continued support of NMVTIS.

Mr. Brighton introduced the Chair of the NMVTIS Board, Mr. William Brauch, Special Assistant Attorney General and Director of the Consumer Protection Division at the Iowa Department of Justice. Mr. Brauch recognized the new and returning board members and thanked them for their willingness to serve.

Mr. Brighton indicated that board members are selected for two-year terms with the intent to represent as many segments of NMVTIS as possible. BJA attempts to strike a balance between returning members and a fresh perspective by adding new faces. Mr. Brighton indicated that approximately 50 percent of the board is new this time around, including the addition of three federal partners: the Environmental Protection Agency, the Federal Trade Commission, and the Department of Transportation/National Highway Traffic Safety Administration.

Board Member Introductory Comments

Mr. Brighton requested that each board member introduce themselves by providing their name, organization, and a brief summary of how NMVTIS is of benefit to their stakeholders.

Judy Fitzgerald: Ms. Fitzgerald is with Government Affairs at the National Insurance Crime Bureau (NICB), and she indicated that NICB's stakeholders are the insurance industry. NICB's membership includes approximately 1,100 members of the insurance industry, or about 99 percent of the auto insurance market, and the members feel that they are vital contributors to the single-source vehicle history database designed to prevent fraud, protect consumers, and reduce theft. Ms. Fitzgerald indicated that has been the mission of NICB and many of its members for many, many years. They all see it as getting as close as possible to a fully functioning national title check

for consumer protection and the law enforcement response, as well as the added benefits of keeping unsafe vehicles off the road and out of the stream of commerce.

Chris McDonold: Mr. McDonold is the Acting Director of the Maryland Vehicle Theft Prevention Council, which falls under the Maryland State Police. He indicated that his stakeholders are auto theft investigators in the state of Maryland, as well as in some other groups that he has been a part of. Mr. McDonold noted that auto theft has changed in recent years, and more professional organized groups have been cloning VINs. He noted that it is important that investigators be able to stop VIN cloning, have the ability to identify cars that are stolen, get them returned to the proper people, and have those responsible prosecuted and put in jail.

Mario Jorquera: Mr. Jorquera is with the Environmental Protection Agency (EPA), and he advised that his office is responsible for the enforcement of air pollution standards for vehicles and engines. It is a Mobile Source Enforcement branch of the Air Enforcement Division, and vehicles have to be certified by the EPA to show that they meet air quality standards. Mr. Jorquera indicated that the EPA is interested in imported vehicles and vehicles that are manufactured in the United States, as well as tracing of their vehicle identification numbers to understand their histories; this is especially important given new and growing problem with what are collectively called racing applications, but which more often than not, are used on the street. They are a significant concern moving into the future, and the EPA is looking at whether the tools provided through NMVTIS can be used to address that problem.

Robert Maynard: Chief Maynard serves with the California Highway Patrol (CHP) and is the Commander for the Enforcement Planning Division. One of the many programs under his command is the vehicle theft program. Chief Maynard indicated that his stakeholders are the CHP investigators out in the field, both on the vehicle theft side and on the regular investigation side. His role is to make sure those investigators have the tools they need to conduct their auto theft investigations and identify stolen vehicles.

Mark Binder: Mr. Binder is the National Salvage Manager for Farmers Insurance and represents all insurance carriers on the board. Mr. Binder indicated that insurance carriers are typically the first contributors of data to the database, so they obviously have a high stake in that type of information. He noted that insurance policyholders are consumers as well, and he wants them to be able to have the most accurate information available when they purchase vehicles, no matter if they insure with his company or one of its competitors.

Ann Ferro: Ms. Ferro is with the American Association of Motor Vehicle Administrators (AAMVA), an association created more than 80 years ago to assist motor vehicle administrators and enforcement leaders in serving the citizens of their jurisdictions across North America. Ms. Ferro noted that for many people the purchase of an automobile is the second biggest purchase they make next to their home; for those who rent, obtaining a vehicle is their biggest investment. The integrity of that titling process is very important to AAMVA's members across the country, and NMVTIS is a significant resource in terms of ensuring the integrity of the process, consumer protection, and customer service, as well as providing resources and tools for enforcement leaders to aid in investigating and minimizing the risk of theft.

Josh Whiteside: Mr. Whiteside is a trooper with the Pennsylvania State Police in the Vehicle Fraud Investigations Unit. He indicated that his stakeholders are the citizens of Pennsylvania. He works with both private industry and government and uses NMVTIS regularly. Mr. Whiteside noted that, from a law enforcement perspective, NMVTIS is used for odometer investigations; it is also useful in identity theft investigations. Identity thieves frequently change their identities and move to other jurisdictions, other countries, or other states, but they take their vehicles with them. Mr. Whiteside indicated that law enforcement is able to use NMVTIS to track a suspect's new location where he or she registers the vehicle.

Charles Hollis: Mr. Hollis is Assistant Administrator for the Division of Motor Vehicles in Rhode Island. He advised that while Rhode Island recognizes the value of NMVTIS, because of limited resources and system limitations, it is one of seven jurisdictions not actively participating in NMVTIS right now. Mr. Hollis indicated that as Rhode Island's system is modernized the state will fully participate.

Ken Mehall: Mr. Mehall is with Computerized Vehicle Registration (CVR). He indicated that CVR's stakeholders are the 13,000-plus auto dealers whom CVR services, in addition to its 22 jurisdictional partners. Mr. Mehall advised that the value NMVTIS provides to CVR's clients is a step ahead in professionalism and increased service to its vehicle purchase customers.

John Hallerud: Mr. Hallerud is an attorney in the Chicago office of the Federal Trade Commission (FTC). He noted that the FTC has a rule that requires that stickers be placed in used cars. As adopted in 1985, it is primarily a warranty disclosure rule, but the FTC is looking at ways that information from NMVTIS and other types of vehicle reports can be incorporated and potentially provided to consumers. Mr. Hallerud indicated that from a stakeholder standpoint, the FTC represents the consumers to whom it is trying to get the information and the dealers who are required to post these buyers' guides in car windows.

Bill Brauch: Mr. Brauch is with the Iowa Attorney General's Office, and he indicated that his stakeholders are the 56 state and territorial Attorneys General, as well as his constituents.

Howard Nusbaum: Mr. Nusbaum is the Administrator of the National Salvage Vehicle Reporting Program (NSVRP), which is officially chartered to support the public interest. He indicated that, as a result of what they do for policy and advisories and research papers, his organization's stakeholders are the state AGs, DMVs, and law enforcement. His organization routinely distributes advisories to those agencies and also supports investigations at the state, federal, and local levels. Mr. Nusbaum indicated that his organization is recognized by DOJ and the federal rule as an independent third-party voluntary standards body for NMVTIS.

Jim Spiller: Mr. Spiller represents the National Vehicle Service (NVS). The organization's primary function is to represent as stakeholders the vehicle finance organizations, which include the "mom-and-pop" organizations all the way up to major banks. Its objective is to coordinate lien data on an electronic basis with law enforcement agencies and to exchange data to assist lenders in tracking their vehicles. Mr. Spiller noted that since NMVTIS does not contain lien data per se, it is difficult for lenders to really see an extreme value in the system other than to check for cloning and lien fraud when they are about to secure a loan on a vehicle. He further noted that even though

lender information is not legislatively required to be incorporated into the system, he would recommend that efforts be made to have that information included as part of the system, which will benefit everyone.

RD Hopper: Mr. Hopper represents the Auto Recyclers Association (ARA) and as a private business owner he works hand in hand with the Arkansas State Police and the Arkansas Division of Motor Vehicles. He indicated that he is aware of 30 vehicles under investigation for title cloning, two of which have been impounded in the last two months. Mr. Hopper noted that he and Steve Levetan met recently with the Arkansas DMV and the state police in an effort to understand what each entity does and to ensure better communication in their efforts to spot and eliminate fraud. He noted that his stakeholders are auto recyclers. ARA has pollution prevention plans and water runoff plans, as well as consultants who evaluate the systems and recommend ways to improve them. Mr. Hopper noted that his association has a great interest in seeing NMVTIS be successful.

Mark Lowe: Mr. Lowe is the Motor Vehicle Administrator for the state of Iowa and the Chairman of the Board of AAMVA. He noted that AAMVA's mission is the mission of its members, and its members are motor vehicle administrators and law enforcement throughout the United States and Canada. Mr. Lowe advised that from his perspective, NMVTIS makes him and his constituents more effective at what they do. He believes NMVTIS adds integrity to the process by providing accurate information to consumers and is improving the investigative work done by law enforcement. Mr. Lowe referenced a statement made earlier in the meeting regarding the link between vehicle and identity theft, and noted that this is something his agency sees regularly; identity theft investigations often lead to vehicle-related issues and vice versa, and both types of investigations tend to reveal larger scope criminal activity. Therefore, the concept of linking this information and having it readily available makes his agency more effective, which is the greatest benefit.

Steve Levetan: Mr. Levetan is with Pull-A-Part, a company in the used auto parts business. The company has 29 locations in 13 states. Pull-A-Part is engaged in buying well over 100,000 cars for salvage every year. Mr. Levetan noted that the vehicles purchased are typically at least ten years old. He noted that by one estimate there are up to 14 million cars sold either for parts or scrap each year. He indicated that NMVTIS has been a phenomenal tool in helping to prevent theft and apprehend those responsible for them, and that the integrity part of the process is critical in order to have good and complete data.

Bernard Brown: Mr. Brown is an attorney in Kansas City and has been practicing law in the area of consumer protection since graduating from law school. He indicated that he has worked with consumers' groups for many years and would sum up NMVTIS in terms of how he thinks it helps consumers, whom he regards as his constituents. He believes that the fraudulent sale of cars is an information problem, which could be prevented if more accurate information were readily available to the public. He believes that NMVTIS plays a role in getting the information out and has already created a major breakthrough from the consumer standpoint. Mr. Brown noted that NMVTIS is the only database that provides insurance data on rebuilt salvage and flooded cars. He believes that if NMVTIS were linked to SaferCar.gov to make recall data available, it would be a big step forward.

Greg DePasquale: Mr. DePasquale is Deputy General Counsel with Copart Auto Auction and advised that he represents those auctions that provide a marketplace for the sale of junk and salvage vehicles. Mr. DePasquale noted that his industry is one of the largest, if not the largest, contributors of data to the NMVTIS database. He further advised that the most important role of the auctions is to provide a safe and transparent marketplace where buyers can purchase cars with confidence, and he is excited about the potential of NMVTIS to assist in that arena. He sees the potential for NMVTIS to really eliminate the potential for title washing and noted that the more data contained in the database and the more accurate it is, the better it will help ensure safety and transparency in the marketplace.

Shaun Petersen: Mr. Petersen serves as counsel for the National Independent Automobile Dealers Association (NIADA). He indicated that his constituency is used car dealers. He noted that used car dealers are the largest consumers of used vehicles; therefore, his agency has a significant interest in ensuring that the data in NMVTIS is accurate, useful, and complete. NIADA and its dealer members subscribe to a very strict code of ethics, and in order for them to adhere to the code of ethics that comes with being members of the association, they need access to that information—not only on the purchasing side, but on the selling side. They are interested in selling not just one but multiple cars to customers, and they want to make sure that the information is as accurate as possible.

Carlos Martins: Mr. Martins is the Vice President and General Manager for ISO Claims Solutions. He indicated that his constituents are the P&C industry, of which ISO represents more than 90 percent. Mr. Martins noted that his company has more than 2,500 insurers contributing data every day to NMVTIS. He feels that ISO Claims Solutions plays a significant role by consolidating data on their behalf to the database. He advised that he engages with his customers regularly, and they would like to see more visibility and transparency, not only of the data that is entered into the database, but also of the data that is not entered so they can determine why those claims do not qualify for entry. Mr. Martins noted that ISO Claims Solutions' customers are very committed to making sure that NMVTIS is successful, but that the insurance carrier claims processing systems are very complex and understanding where the failures are within their systems is very important to them.

Jennifer Timian: Ms. Timian is with the U.S. Department of Transportation and serves as Chief of the Recalls Division for the National Highway Traffic Safety Administration (NHTSA). She indicated that NHTSA's stakeholders are the American public, and its goal is to protect the public from defective and noncompliant motor vehicles, whether they be new or used. Ms. Timian advised that one of NHTSA's goals is to push out recall information to consumers and motivate them to take action.

NMVTIS Status Updates

Bureau of Justice Assistance

Civil Enforcement Program

Mr. Brighton shared a slide presentation regarding enforcement updates. The presentation included a summary about the program's value, including a listing of many of the key stakeholders, to give participants an idea of the broad impacts of the NMVTIS system. Mr. Brighton pointed out that the system impacts state divisions of motor vehicles and is an asset to law enforcement and to consumers as well. Mr. Brighton stressed that it is also important to keep in mind that NMVTIS is the only vehicle-history database in the nation to which all states, insurance carriers, and junk and salvage yards are required by federal statute to report.

Mr. Brighton explained that one of the interesting things about BJA's role is that the enforcement program is a civil enforcement program for those businesses that are not reporting. DOJ has the responsibility and BJA has the lead for oversight of the program, working on a daily basis with AAMVA, the system operator. Having civil enforcement authority is unique for BJA and something it does not do on a daily basis with other programs. BJA in conjunction with OJP's Office of General Counsel (OGC) has had to establish a number of protocols to address that responsibility. The NMVTIS statute authorizes DOJ to impose and collect civil penalties from junk yards, salvage yards, and insurance carriers that fail to meet reporting obligations. Mr. Brighton touched on the goal of voluntary compliance, BJA's outreach and awareness campaign, and the penalty calculations for failing to report.

Mr. Brighton indicated that in terms of outreach, BJA did a lot of direct mailing in the 2010-2011 timeframe, but due to budgetary constraints, switched in the last couple of years to holding reporting Webinars reaching more than 1,500 participants. BJA also participated in numerous industry and law enforcement conferences and workshops as part of its outreach efforts. Mr. Brighton stressed that BJA is experiencing a slight thaw in the availability of travel funds. He encouraged board members to let him know of any events for the remainder of the fiscal year (September 30, 2015) that they feel would be critical for DOJ participation and he would try to attend.

Mr. Brighton indicated that BJA also conducts on-site visits to the properties of junk and salvage businesses and recycling facilities that are not reporting. To date, 25 site visits have been conducted in the states of Delaware, Maryland, New Jersey, New York, Pennsylvania, and Virginia.

NMVTIS records are regularly monitored to identify nonreporting entities. In May 2014, BJA sent e-mails to more than 850 businesses in Alabama that had registered for NVMTIS reporting IDs but had never reported. This effort resulted in additional business registrations and a significantly higher reporting volume. Similar efforts are planned in spring 2015 for businesses in Florida and Texas.

BJA also regularly receives calls and e-mails to the general NMVTIS inbox from the private sector and law enforcement regarding businesses that they think should be reporting but are currently not

doing so. Over the last couple of years, this has yielded reviews of more than 200 nonreporting cases in 36 states. BJA has gathered an estimated 1.5 million VINs reported to the system that otherwise would have gone unreported. During the same time period, 17 business received notice of civil penalty letters. Of those, four went out of business, two came into full compliance, three received final determinations, and eight are ongoing insurance carrier cases with potential penalties ranging from \$127,000 to \$3.3 million. These 8 insurance carrier cases are still under OGC legal review. In November 2014, BJA received the first civil penalty payment resulting from this enforcement program. Those funds go to the U.S. Treasury Department because, according to the NMVTIS statute, any civil penalties collected go to the general fund rather than to DOJ to support program implementation.

Law Enforcement Access Tool

David Lewis, Senior Policy Advisor, provided an overview of the NMVTIS Law Enforcement Access Tool (LEAT). He provided an overview of numbers and types of users from the tool's inception in 2009 to the present, and noted that 3,108 of those users fall under the definition of law enforcement. Mr. Lewis noted that identifying users, usernames, and passwords for online systems is pretty intensive, and that BJA is aware of two law enforcement secure but unclassified networks that already vet law enforcement: the FBI's LEO, which is now called LEEP, and the Regional Information Sharing Systems (RISS). Both of these systems were developed using federal funds to identify and verify law enforcement officers. BJA requested that these systems allow the LEAT to ride on their backbone, thus keeping costs low.

Mr. Lewis noted that the number of searches doubled between the first and second years of usage. Currently, there are users from all 50 states, Puerto Rico, and Canada, representing more than 1,658 agencies, and some agencies have multiple users. Individual users break out as 609 from federal agencies, 680 from state agencies, and 1,700-plus from local, tribe, or territorial agencies. Ninety-eight failed to provide agency types.

It was also noted that the LEAT is getting a facelift and educational Webinars will begin in the coming months. The new version is very user-friendly, and everything included has resulted from recommendations from the field. The new version has increased search capabilities, as well as some new data sources, and BJA is close to getting the NCIC theft file engaged as a part of the system. The system also includes a new VIN analyzer that will provide officers with a little more information. The LEAT is built on existing platforms using NIEM, the national standard, and also uses Web service-oriented architecture.

AAMVA

Operational and Financial Updates

Anne Ferro, Executive Director of AAMA, expressed appreciation on behalf of AAMVA for the opportunity to operate the NMVTIS system. She then introduced Vivienne Cameron, Senior Director of AAMVA, to cover operational performance.

Ms. Cameron advised that AAMVA views NMVTIS as four key program areas: the state program, the third-party reporting program (also referred to as JSI), the law enforcement program, and the

consumer access program. Currently, 37 states are participating in the state program (providing data to system and conducting inquiries). Ms. Cameron showed a slide presentation in which states were color-coded (green, yellow, and gray), indicating their level of participation and implementation. Green indicates states (37) that provide data and search the system before issuing titles; yellow indicates states (7) providing data but not making inquiries; and gray indicates states (7) that are in development.

In response to a question regarding the yellow-coded states and why they do not make inquiries into the system, Ms. Cameron indicated that, in some cases, the issue is just a question of the state's technology. A number of states are reviewing their systems, and when the opportunity arises for them to conduct rewrites of their entire titling systems, that is typically when they look at moving to the next step in terms of conducting inquiries. AAMVA is very flexible in offering the states all possible opportunities so that they can take full advantage of NMVTIS, not only by supporting it with providing their data, but by actually utilizing it for titling for their citizens.

Ms. Cameron also advised that AAMVA is seeing an increased number of states conducting legislative efforts that really strengthen the NMVTIS reporting and enforcement requirements. Last year, Virginia implemented legislation that required its salvage dealers to provide their NMVTIS ID numbers as part of their business licensing processes. New Hampshire recently introduced a bill that would require NMVTIS enforcement activity to be recognized within state regulations.

In addition to supporting the states in terms of their development and operational activity, AAMVA tries to help states be more effective in their participation. AAMVA recently rolled out a self-service feature that enables states to make some data corrections on their own without having to rely on AAMVA's central help desk facility. This feature was rolled out in 2013, and training and awareness programs were conducted to get states to utilize this self-serve help desk feature. Over the last year or so, states have begun using this feature to correct any problems that they can through their normal update processes without having to rely on the AAMVA help desk, which has the potential to reduce costs in terms of system operation. In the last year, AAMVA was able to track the percentage of data changes that states were able to make themselves versus those that had to go through the help desk. When this process was started, about 45 percent of the data changes being done by the AAMVA help desk could have been done by the states. Within the last year or so, that percentage has been reduced to 13 percent, which reflects a good adaption of this particular feature and underscores AAMVA's efforts to ensure data quality and data integrity.

Also on the state side, AAMVA has established a business rules working group made up of members from a number of jurisdictions representing the different colors on the map. Members participate to provide programmatic guidance and direction, as well as to bring to AAMVA, as the system operator, their perspectives regarding issues and challenges that they face. The working group recently created a brochure titled "Working for States," intended for state DMV personnel to provide to their staff members who are involved in the process but do not quite understand why NMVTIS is critical and beneficial. The brochure will be published later this spring.

The working group also published a second edition of a best-practices document for title and registration program managers at motor vehicle divisions (DMVs). It was evident that the state DMV title managers needed a reference resource tool to guide them through problematic issues.

The tool covers a full range of issues regarding how states should be handling carrying forward brands, how to handle duplicate title processes within NMVTIS, and how to deal with vehicles that show up with “stolen” flags within NMVTIS. This is the second edition, and the group intends to maintain and sustain it as a living, breathing document.

Finally, this group is looking at is the need to establish some clear performance management targets and strategies for the state program. A task group was recently established with a goal to make recommendations to AAMVA and the vehicle standing committee regarding approaches to performance management within the state program. Ultimately, the goal is ensuring optimum benefit and maximizing the program from the task group’s perspective as well as from program performance as a whole.

Regarding the law enforcement program, Ms. Cameron noted that AAMVA’s role is to support the LEAT. AAMVA has implemented a Web service interface that supports the enhanced LEAT and enables a lot of flexibility and access to the data. Another of AAMVA’s efforts is in the area of fraudulent detection and remediation training curriculum for members and staff regarding the ability to identify, detect, and resolve issues related to fraudulent driver’s licenses, title documents, and identification documents. Recently, the group in charge of this particular curriculum worked with DOJ to establish a new module for the online training curriculum that highlights NMVTIS as an investigative tool for law enforcement, particularly at the DMV level. All of this information is available on the AAMVA Web site.

Similar to the state business rules working group, AAMVA established a law enforcement working group for the NMVTIS program. This group consists of law enforcement representatives—state, local, and federal—as well as some of AAMVA’s member DMV law enforcement personnel, AAMVA staff, and DOJ staff. The group worked on developing a number of recommendations, many of which are related to how law enforcement would like to search NMVTIS. Those recommendations were provided to BJA, and a number of them were incorporated in the search tool version 3.0.

Regarding the consumer access program, AAMVA currently has ten approved data providers that are active in production and one that has gone through development and certification but has not yet provided a production date. Four of the ten providers in production have migrated to a new Web service facility capability that was offered by AAMVA as part of its commitment to supporting a more efficient and effective system. It is hoped that the remaining six will eventually move to that capability. Additionally, the consumer access program is currently under review, and final recommendations will be offered in the coming term.

Financial Status Update

Lynn Wasylina, Chief Financial Officer for AAMVA, presented several slides regarding NMVTIS program financial status. She indicated that for the first quarter of 2015, the total revenue was \$975,000 and total expenses were \$1,359,000, which reflected a first-quarter loss of \$383,000. However, Ms. Wasylina pointed out that those figures indicate a 13 percent improvement against budget. AAMVA has budgeted this year to meet a 15 percent cost reduction from FY14 to FY15. Ms. Cameron stressed that it is important to recognize that this loss figure represents the portion of NMVTIS that AAMVA as an organization is carrying; it is not a loss to the federal government,

but to AAMVA. States are contributing almost \$3 million a year to the program. Currently, any year-to-year financial losses are covered by AAMVA from their own budget. Ms. Cameron stressed that AAMVA is very committed to cost containment and cost reduction wherever possible in working toward the self-sustainment of the system.

Education and Awareness

State-Level Legislative Update

Steve Levetan, NAB member (Pull-A-Part) provided an update on current activities at the state level and how state legislation can enhance what is being done at the federal level. Mr. Levetan advised that while many recyclers strongly support NMVTIS, a lot of businesses are still not reporting, and reporting is the key to the success of the system.

Mr. Levetan advised that figures show that many vehicles being recycled in the U.S. every year are not being reported in NVMTIS. A number of states are considering legislation to incorporate NMVTIS at the state level. It is understood that today, NMVTIS cannot be enforced by local or state law enforcement; however, in a number of states, legislation has been passed to require NMVTIS reporting within state statutes. That allows local and state law enforcement to bring cases for nonreporting, and fine structures are being established within those state statutes as well, generally mirroring the federal fines of \$1,000 per vehicle. A couple of states have now added statutory language to mandate that a fine be split equally between the local agency that brings the case and the state agency so that it becomes a funding mechanism, as well as creating an incentive for local law enforcement to actually enforce the rule.

Many people in Alabama were confused, thinking that by reporting to the state, they were reporting to NMVTIS, but that is not the case. The state is in active discussions with AAMVA about providing that reporting on behalf of the industry, which could result in a significant increase in the number of vehicles reported in Alabama.

Georgia has a fairly unique system; it is the first in the country in which the state is required to report on behalf of the JSI reporting entities. This was accomplished through a contract with Auto Data Direct (ADD) requiring all scrap recyclers and auto recyclers to report through ADD. In turn, the state gets what it needs to do title cancellations, and NMVTIS gets the information that it needs to report. The system has been in effect for close to two years. Each vehicle is automatically being checked for the possibility that it is stolen as well; as a result, more than 700 vehicles have been identified as stolen among the more than 250,000 vehicles reported during that time period. The number is small, percentage-wise, but a very real number of stolen vehicles have been identified as a result of this process, which is done automatically in the background. Law enforcement officers are not required to log on to NMVTIS and enter those numbers. Mr. Levetan noted that the NVMTIS board should examine this practice at the state and potentially the federal level.

Law Enforcement Access Tool (LEAT) Demonstration

David Lewis, Senior Policy Advisor, demonstrated the LEAT and noted the recent improvements that have been made. Mr. Lewis noted that BJA received numerous recommendations from

AAMVA's law enforcement working group, via e-mail from users and through other avenues regarding improvements to the LEAT. BJA catalogued and considered all recommendations and made changes accordingly. The new version offers increased search capabilities, including the ability to enter up to five VINs on the initial search page, as well as to conduct title number searches and bulk VIN searches. There are also expanded JSI data elements that will be extremely helpful for law enforcement. Officers can submit NMVTIS violation reports and success stories online. The enhanced tool also includes online resources and training and a VIN analyzer tool. Mr. Lewis reminded participants that the LEAT is available from an iPad or Android tablet and can be accessed only by law enforcement through RISS and LEEP, both of which include a vetting process.

Federal Trade Commission Used Car Rule Update

Mr. Howard Nusbaum, National Salvage Vehicle Reporting Program (NSVRP), provided an update on the Federal Trade Commission (FTC) Used Car Rule. He advised that the rule requires car dealers to display a window sticker called a buyer's guide on any used car that is for sale to disclose whether the dealer is selling as-is without a warranty or with the warranty, to include terms and conditions. The rule has been in effect since 1985. In 2012, the FTC sought public comments on proposed changes to the buyer's guide as part of a systematic review of all the agency's rules and guidelines. In response to the comments, the FTC now seeks input on additional proposed changes to the used-car rule, including requiring dealers to obtain a vehicle history report, indicate that fact on the buyer's guide, and provide a copy to consumers upon request. Modifying the buyer's guide subscription of an as-is sale means the sale of a used car without a warranty. Boxes would be placed on the front of the buyer's guide to enable dealers to disclose nondealer warranties (other than from the dealer selling a particular vehicle). The FTC is also incorporating certain previously proposed amendments, including a statement on the buyer's guide encouraging consumers to obtain a vehicle history report, to check safety recalls, and to visit a proposed FTC site for more information, and a statement advising Spanish-speaking consumers to ask for the guide in Spanish if needed.

Mr. Nusbaum advised that consumers, law enforcement groups, and others have used the 2012 and 2014 comment periods to encourage the FTC to better utilize the used-car rule to protecting consumer purchases of used cars by providing vehicle history information. The FTC is proposing the provision of a box on the buyer's guide in which dealers can indicate whether they have obtained a vehicle history report on a given vehicle. If they have obtained a report, they are required to provide the consumer with a copy of the report upon request. Dealers who do not currently obtain a report would not be required to obtain it or to make any additional disclosures in the buyer's guide.

Mr. Nusbaum noted that a recommendation was made that any used-car vehicle history requirement should be based on NMVTIS data. He believes that is something the advisory board should be recommending, because NMVTIS contains information that is most useful to consumers potentially purchasing a used car, including indication of prior damage based on the prior branding or reporting by a junk/salvage reporting entity. Why should it be NMVTIS data? Because NMVTIS reporting is a legal mandate. Consequently, if the disclosure requirement says that the vehicle history report is based on NMVTIS data, and there is no such data because of the failure

of a party to report, that failure, which was a violation of law on the part of the party, would have caused the consumer to be unaware and therefore defrauded.

Mr. Nusbaum pointed out that the reporting quality of various commercial vehicle history reports varies substantially. Some reports are very good; however, the law cannot indicate which vehicle history reports, other than those containing NMVTIS data, are acceptable and which are not. How do you distinguish what is acceptable and what is not? If the law says that the report must include NMVTIS data, the problem is solved. Allowing any commercial database to be used will enable shopping for a vehicle history report that shows up clear even if NMVTIS does not. The key information is titled “Branding Salvage and Current Open Vehicle History.”

The NSVRP also believes that reporting should be based on a current report, with a limited shelf life. The recommendation is that the report be current to 30 days for purposes of using it for sales illustration. There should be some time limit and a requirement that any reports beyond the limit are no longer considered live.

NSVRP has recommended to NHTSA and the FTC that, in the interest of protecting the public, NMVTIS also should be linked to safercar.gov so that at the same time a NMVTIS report is requested, it will tie in to the FTC rule that it also flags for open safety recalls. Figures show that roughly 72 million transactions on VIN queries are being processed through NMVTIS each year. Currently, those transactions are separate from the ones that are mainly being picked up on the recalls. NSVRP has made a separate recommendation to AAMVA that every state check NMVTIS on every renewal of a title and registration. If safercar.gov also were being checked simultaneously, that would catch pretty much everything. It would do a great job of protecting the public at essentially no cost and would greatly leverage NTSA. Mr. Nusbaum provided several examples of incidents in which lives would have been saved if the buyers had received notification when NMVTIS was checked on a title or registration renewal, or when the vehicle was purchased.

Subcommittee Reports

Awareness Subcommittee

Committee Chair Mark Binder reported for the Awareness Subcommittee. Mr. Binder advised that the committee had developed five main talking points for law enforcement, and Chris McDonald and Josh Whiteside both agreed to help advance those ideas. It is primary to get the word out there for law enforcement, whether through articles, publications, or advertisements, or just by developing advocates at the state level. Consumer awareness is an area around which committee discussions have historically been centered, and an area where the committee needs AAMVA’s lead because of the issue of credibility. One area of focus that the group identified is establishing branding for the consumer. What does NMVTIS mean if you are a consumer? It means nothing—it is just a bunch of letters. But the committee agreed that vehiclehistory.gov will be the choice in the interim. Long term, the committee is looking at combining the safercar.gov Web site with vehiclehistory.gov to get some kind of collaboration across departments.

The committee also believes that a better message is needed for consumers and that people need one place to go for information. The group discussed ideas such as expansion of [Texas DMV.gov](http://TexasDMV.gov) beyond the state of Texas to other areas and creation of an AAMVA video for the vehicle history

Web site. Also, credit unions and other industries that loan money currently do not have brochures that can create awareness. Perhaps a brochure could be developed for credit unions, which then could be provided to consumers to get the word out. The committee also discussed working with state DMVs to push for state procedures to notify consumers.

Compliance Subcommittee

Committee Chair Howard Nusbaum reported for the Compliance Subcommittee. Mr. Nusbaum advised that the committee had a meeting on December 2, 2014, and that the major takeaways were the recommendation that all buyers at auction be informed that they may have NMVTIS reporting obligations. Prior to that meeting, one of the major salvage auction companies had already included that language; since that meeting, the other one has done so as well. Mr. Nusbaum indicated that he is talking with the companies about potentially adding the language to the sales documents as well, because most people who buy at auctions resell immediately, in some cases as brokers, and they will not be aware of the terms and conditions. If the same language were on the sales documents, then any buyer would be alerted that he or she may be subject to NMVTIS reporting, in addition to the person who made the contract.

Another major initiative is seeking state legislation for making NMVTIS violations also violations of state law. DOJ's counsel has rendered the opinion this is acceptable and appropriate, and some states have done so. It is effective and is a major push.

Another major push is to try to calculate the universe of possible reporting entities by category and by state. There are many different categories of possible users, such as charities, towing companies, rental car companies, etc. We need to be able to answer the question of how well we are doing here versus other places.

Mr. Nusbaum advised that ISO has some very useful, well-prepared statistics. All of the committee members are going to document issues from the discussions today that they consider important, including the issue of having collected fines support NVMTIS. The committee will collect all of the input, as well as the information from the December 2 meeting, and distribute it to the board.

Strategic Planning Discussion

Board members were asked to address the following questions:

- Currently, seven jurisdictions are in development to participate in NMVTIS. How can your organization help MVTIS reach 100 percent jurisdiction participation? Does your organization work directly with any of the jurisdictions below? What approach do you recommend to BJA to achieve 100 percent jurisdiction participation?
 1. District of Columbia
 2. Hawaii
 3. Kansas
 4. Mississippi
 5. Oregon
 6. Rhode Island
 7. Vermont

- How can the NMVTIS Advisory Board raise consumer and law enforcement awareness of the benefits of NMVTIS?
- During your two-year term on the advisory board, what key deliverables do you hope to contribute/accomplish?

Bill Brauch—noted that one way to increase awareness and participation would be direct communication from folks at his level to their constituents. Another would be a letter from this board to state attorneys general and other state leaders pointing out the benefits of NMVTIS. The board would need to work closely with AAMVA and would need to get a feel from the states regarding whether that type of communication would be beneficial (it might be detrimental in some cases). It might also be beneficial to see whether the Texas video can be replicated in other states.

Mark Binder—noted that departments of insurance are very pro-consumer. That might be an opportunity to get another advocate in the states.

RD Hopper—pointed out that a lot of the DMV directors in the states know each other and communicate. There is a network there that the board could tie into. As the product gets better and people talk to each other, they will peer-pressure each other to participate. Mr. Hopper noted that he works with law enforcement agencies in Arkansas, and they are not aware of NMVTIS; they go through the DMV for their needs. A city and county awareness campaign about NMVTIS might be beneficial. Mr. Hopper also noted that recyclers are the only people at the auto auctions who have NMVTIS numbers—the others do not. They must pay a \$1,000 fine if they do not submit—others do not face that fine. He believes that the board has the power to tie the systems together, measure what needs to be measured, etc. Mr. Hopper emphasized that there needs to be a way to track people who buy more than five cars so that they are in the system.

Mark Lowe—feels that state attorneys general and governors have their contacts, and the board members have theirs. Mr. Lowe advised that the board needs to maximize the bang for the buck; pamphlets only get you so far—personal contact goes a lot farther.

Ken Mehall—noted that the person in charge of the California new car dealers is now in charge of the National Automobile Dealers Association (NADA) in Washington, DC. NADA is one of the most powerful lobbying entities you will find. From an awareness perspective, the board needs to reach out to a sister/brother organization, maybe through AAMVA. That type of group would love the opportunity to engage in something that adds value to the vehicle-purchasing experience.

Jim Spiller—NFPC is aware of NMVTIS, and NFPC is a group that AAMVA or BJA should approach to garner support. There is a good opportunity right now to reach out to NFPC. As far as law enforcement goes, the board needs to come up with a brand and target consumers. It might be beneficial to piggy-back on someone else's brand. Getting the brand out to entities such as the National Sheriffs' Association is key. The possibility of making LEIN data part of the NMVTIS process, perhaps as a flag, also should be explored. Mr. Spiller noted that

coming from the law enforcement side, he is familiar with the export side. That vehicle's identity is floating out there and is fair game for folks looking to commit vehicle fraud. Also, as part of the North American Export Committee (NAEC), he thinks the ability to connect the IRE and NMVTIS is there. The NAEC offered to BJA and AAMVA that there should be a pointer system to connect the three systems: IRE, NMVTIS, and the system in Mexico.

Steve Levetan—noted that as his organization speaks to law enforcement around the country, he is amazed at how few agencies are using NMVTIS. However, he has learned from some of the states doing theft checks in the system that it works. Something he recommends looking at from the NMVTIS level is querying VINs from vehicles that are being scrapped against NCIC. That effort will result in the ability to make cases and recover some vehicles. He noted that an MOU is in the works between NCIC and NMVTIS to share this information. To have this occur in the background, rather than assuming that someone will sit down at a computer and check it, would be beneficial.

Bernard Brown—commented that if Texas continued generating press reports for the next year about successes in finding stolen vehicles through NMVTIS, it would raise public awareness about the system. Also, if safercar.gov were the go-to Web site, consumer groups would push for press coverage on it. In order to raise awareness, you need to start with something that is accessible.

Chris McDonold—noted that great strides have been made in getting the word out to law enforcement. Les Cravins, chair of the vehicle-theft committee of IACP, is a great resource for getting the word out there. In the time since this committee was formed, the members have really gotten the word out, especially in the last two years.

Josh Whiteside—indicated that he will be approaching his state attorney general's office to see if it is willing to do something similar to Texas' approach. He also commented that it took 17 months for him to be approved to use NMVTIS. The delay was mostly due to the RISS process. He would like to address this issue and streamline the process to make it easier for folks who need to access the system.

David Lewis advised that the RISS process has definitely been streamlined and that BJA is working with both LEO and RISS to make the process easier. Some agencies have an access officer, and in large departments, it is sometimes difficult to identify that officer. BJA can help with identifying the points of contact in each state. Also, RISS ATIX is available to all law enforcement, and is a much easier path to access NMVTIS.

Public Observer Comments

Mr. Brighton invited guest observers to make comments. Sara Kathryn McRae from Auto Data Direct, Inc., addressed the group and advised that her company plays a dual role with NMVTIS. One role is as a data consolidator, which means they collect information from the reporting entities. Auto Data Direct is also a consumer access provider for vehicle history reports. Ms. McRae provided the board with a handout overview of 2014 indicating that, on the salvage reporting side, most of the growth has come from legislative developments—requirements for NMVTIS identification for licensure for the reporting entities. Ms. McRae advised that a big bump was seen

in Alabama as a result of this DOJ enforcement. She further advised that the growth seen in Georgia as a part of the Georgia consolidated state and federal reporting model is continuing as businesses in the state become more aware of those requirements. The success of the Georgia model is due, in large part, to the fact that the federal data is collected in one place at a high level, and the state data is carved out from that. It is believed that the difference between the Georgia model and some of the other state models under consideration right now might lead to a decrease in compliance. A lot of these models are looking at collecting a set of data at the state level and passing it on to the federal database, rather than collecting a large data set at the federal level and pulling the state data out of that. Because a lot of these state processes do not include all of the federally affected vehicles, businesses would still be required to report through a data consolidator, which might lead to some confusion within the industry.

Ms. McRae further reported that, on the vehicle history report side, a dramatic increase in consumer access from Texas has occurred as a result of the Texas education initiative. A full 25 percent of consumer inquiries to Auto Data Direct in 2014 came from Texas, which is a very large increase over 2013. In October 2014, Auto Data Direct launched a consumer-focused Web site called titlecheck.US, which contains very simple, easy-to-understand information on what NMVTIS is and how it can benefit consumers. There is no account required; the site is very straightforward and is an attempt to brand the NMVTIS data for consumers, making them aware of what it is and how it is helpful, especially in the state titling processes.

Ms. McRae also advised that the back of the handout contains Auto Data Direct's suggestions as it responds to the FTC rule-making process. Auto Data Direct is excited about the possibility of including some technological access to vehicle history reports as part of the buyer's guide and allowing used-car buyers to have mobile access to these vehicle history reports and information about NMVTIS. A QR code on the base on the bottom of the handout can be scanned with any bar code or QR code reader. It will take the user to a proof of concept with links to vehicle history.gov, the FTC Web site, and used-car buying tips, as well as to any vehicle history report that the dealer may choose to provide.

Closing Remarks

Mr. Brighton thanked everyone for their attendance and participation. He advised that, because of funding limitations, face-to-face meetings will likely occur only once per year, but he still wants to maintain the momentum of the board. He is exploring the June time frame to have a Webinar in which the full board can come together. In the interim, the subcommittees will be working on recommendations to submit to Chairman Brauch, and the board can then discuss them and pass them on to DOJ. Mr. Brighton stressed that he is open to any suggestions on how to maintain the momentum in the absence of face-to-face meetings.

Chairman Bill Brauch also thanked everyone for their participation in the meeting. He noted that everyone has a stake in the success of the program, and that it is vitally important to ensure that the program succeeds.

The meeting was adjourned at approximately 4:30 p.m.