

## **National Motor Vehicle Title Information System (NMVTIS) Junk Yard, Salvage Yard, and Insurance Carrier Non-reporting Enforcement Policy**

All businesses meeting the National Motor Vehicle Title Information System (NMVTIS) definitions for [junk yards, salvage yards](#), and [insurance carriers](#) are required to fully comply with the NMVTIS reporting requirements as established by the [Anti-Car Theft Act of 1992](#) (Public Law 102-519), as amended by 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). NMVTIS junk yard, salvage yard, and insurance carrier (JSI) non-reporting enforcement is necessary to ensure NMVTIS data completeness and integrity for the consumers, law enforcement agencies, and state titling agencies relying on NMVTIS data. The Department of Justice (DOJ), Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) has responsibility for the enforcement of NMVTIS JSI reporting. Specifically, the NMVTIS statute includes an enforcement provision authorizing DOJ to impose and collect penalties for those businesses that do not meet their NMVTIS reporting obligations. Failure to report to NMVTIS as required is punishable by a civil penalty of up to \$1,000 per violation. Accordingly, for example, a failure to report 100 junk or salvage automobiles could result in a civil penalty of up to \$100,000.

Since 2010, BJA has maintained a major NMVTIS awareness campaign including: 1) mass mailings to industry businesses (e.g., junk and salvage yards, automobile recyclers, towing/wrecker operators, dealers of used automobiles and parts, and insurance companies); 2) webinars to inform these affected industries of the NMVTIS reporting requirements, methods of reporting, and frequently asked questions; and 3) presentations regarding NMVTIS reporting requirements at national industry conferences. However, when efforts to yield voluntary compliance are not successful, DOJ may pursue the statutorily authorized civil penalties for NMVTIS non-reporting.

DOJ's longstanding process for civil enforcement is set out below. It is important to note that DOJ is not obligated to perform a site visit, or allow additional time for a business to correct deficient NMVTIS reporting before imposing a NMVTIS civil penalty. Nonetheless, DOJ adheres to the following procedures prior to imposing a civil penalty.

1. If BJA has reason to believe that a business is not reporting as required, BJA sends a Non-reporting Letter to the business by certified mail.<sup>1</sup> This letter generally outlines the NMVTIS reporting requirements and civil penalties. In addition, this letter requests that the business submit all required reporting information to NMVTIS within 30 days.
2. BJA will review NMVTIS after the 30-day period to verify whether all unreported junk automobile and salvage automobile information has been submitted. If the required reporting has not been completed within the 30-day period, BJA may consider this *continued* non-compliance in determining a penalty. If BJA determines that it will go forward with consideration of a penalty, BJA will send a Notice of Civil Penalty Letter to the business by certified mail. This letter formally notifies the business of its maximum potential civil penalty for its reporting non-compliance. The penalty will be based upon the total number of unreported junk and salvage automobiles. The letter invites the business to submit the following within 30 days:
  - copies of the two most recent business tax returns to confirm the size of the business (as measured by gross profit for the business' automobile business line); and

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<sup>1</sup> A copy of the NMVTIS Final Penalty Decision Considerations is included with the Non-reporting Letter. BJA reviews these considerations to determine a penalty.

- a statement of how many junk and salvage automobiles it received into its inventory from March 31, 2009 (the date that all auto recyclers, junk yards, and salvage yards were required to fully comply with NMVTIS reporting) to the date of the Notice of Civil Penalty letter; and
- any other information or argument relevant to the NMVTIS Final Penalty Decision Considerations (as outlined on the Final Penalty Decision Considerations) that it believes would warrant the BJA Director assessing a civil penalty less than the maximum allowed.

Note: It is at this stage that the business should present and document any mitigating factors that it believes would warrant leniency.

3. The BJA Director will review the business' response and issue a Civil Penalty Determination Letter, identifying the unreported automobiles (usually by VINs) upon which the penalty relies. The penalty is based upon the size of the business, the gravity of the violation, and the business' demonstrated willingness to comply. The following factors may, at the discretion of the BJA Director, aggravate or mitigate any penalty:
  - The length of time that the automobiles have gone unreported
  - Whether the non-reporting was due to negligent or intentional action/inaction
  - Whether the business was forthcoming in responding to DOJ requests for information
  - Whether the automobile was used in the commission of a crime or resulted in a purchaser's being defrauded or injured
  - Whether the business has been the subject of any other proposed or final NMVTIS enforcement action by DOJ
  - Such other factors as may further the interests of justice
4. If the business fails to pay the civil penalty assessed in the Civil Penalty Determination Letter within 30 days from the date of the Civil Penalty Determination Letter, BJA may pursue additional enforcement actions, including a request to DOJ's Civil Division to pursue the matter in Federal Court.

Reporting junk and salvage automobiles to NMVTIS is required by federal law, and by doing so NMVTIS reporting entities play an integral role in DOJ's efforts to prevent fraud, reduce theft, and potentially save the lives of consumers who otherwise might unknowingly purchase unsafe vehicles. Therefore, it is imperative for NMVTIS reporting entities to comply with the NMVTIS reporting requirements. 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 carrier can be found on the NMVTIS web site: [www.vehiclehistory.gov](http://www.vehiclehistory.gov)