National Motor Vehicle Title Information System (NMVTIS) ADVISORY BOARD MEETING – Webcast Part 1

Thursday, May 2, 2013

The NMVTIS Advisory Board convened part one of its eighth meeting on May 2, 2013, via webcast in place of the March board meeting, which was cancelled due to weather. The following individuals participated:

Designated Federal Official (DFO)
Todd Brighton
Bureau of Justice Assistance

Advisory Board Members
Levon Baghdassarian
NOBEL Systems

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

Bernard Brown
The Brown Law Firm

Joseph Farrow, **Board Chair**
California Highway Patrol

Judith Fitzgerald
National Insurance Crime Bureau

Brian Hildreth
Insurance Auto Auctions

Tony Lawler
Mississippi Department of Revenue

George March
Regional Information Sharing Systems

Christopher T. McDonold
Maryland Vehicle Theft Prevention Council, Department of State Police

Kurt Myers
Pennsylvania Department of Transportation Safety Administration

Howard Nusbaum
National Salvage Vehicle Reporting Program

Joe Pedigo
Towing and Recovery Association of America

Neil Schuster
American Association of Motor Vehicle Administrators

Mark Binder
Farmers Insurance

James Spiller
National Vehicle Service

Stacey K. Stanton
*Arizona Department of
Transportation*

Jim Taylor
Auto Data Direct, Inc.

James Vogel
RigDig

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

Michael Wilson
Automotive Recyclers Association

Guest Observers
Barbara Beninati
ISO Claim Search

Kerry Bentfield
American Salvage Pool Association

John Drewke
Experian

Paul Kanitra
Carfax, Inc.

Diane Klund
Audatex

J.P. Meade
*National White Collar
Crime Center*

Bob Passmore
*Property Casualty Insurers
Association of America*

Patricia Rimo
Consultant/Writer

Stacey Stanton
Arizona DOT MVD

Bureau of Justice Assistance
Kim Bright
Todd Brighton
David Lewis

**American Association of Motor
Vehicle Administrators**
Vivienne Cameron
Catherine Curtis
Philippe Guiot
Mekala Joy
Marney Michalowski
Philip Quinlan
Marc Saitta

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

Opening Remarks

Mr. Brighton called the meeting to order at Noon and welcomed participants. Commissioner Farrow acknowledged the hard work of AAMVA and BJA, and referenced a letter warning of the dangers of water-damaged cars that went out after Hurricane Sandy. The letter brought a lot of good attention to NMVTIS.

NMVTIS Status Updates

Bureau of Justice Assistance Enforcement

Mr. Brighton presented an enforcement update, noting that due to budget concerns BJA would not be doing further mass mailings. BJA has engaged in the following activities:

- Additional outreach to reporting entities and law enforcement through an education campaign including webinars and conferences. He asked for recommendations of upcoming conferences in which he could get NMVTIS on the agenda and/or participate remotely.
- Continued:
  - on-site inspections of junk/salvage/recycler facilities, mainly within the Mid-Atlantic region due to budgetary restrictions.
  - office-based monitoring to determine which businesses have not submitted timely reports. BJA and AAMVA continue to discuss options for increased internal reporting capabilities.
  - receiving nonreporting referrals from the public and increasingly from law enforcement, thanks to increased outreach.

He reported the following results of the efforts:

- Over 200 nonreporting cases reviewed in 35 states
- Over 1 million VINS reported that otherwise would not have been
- 17 Notice of Civil Penalty Letters sent, resulting in 2 companies coming into full compliance, 4 going out of business, and 3 receiving a final determination (approximately $170,000 in total penalties)
- An additional 100,000 VINS were reported based on outreach and enforcement efforts with insurance carriers

Mr. Brighton was asked what methods BJA uses to communicate final actions. He indicated that at minimum information may be posted on the NMVTIS site - press releases might be considered, but no final decision had been made. Mr. Pedigo noted of a possible disconnect between law enforcement and the court systems related to vehicles junked with no paperwork at all, adding that he

has heard a prosecutor refer to 50 abandoned cars as a victimless crime that didn't warrant prosecution. Mr. Pedigo said he would follow up with specific information.

Bureau of Justice Assistance Law Enforcement Access Initiatives

Mr. Lewis reported that BJA is seeking new data sources for law enforcement and asked for referrals of databases that would be searchable by VIN, He also noted that the potential use of INTERPOL's vehicle theft information is unlikely due to cost of approximately $30,000. He identified the availability of theft data for law enforcement and consumers as a hot button item, noting that it has been easier to provide theft law enforcement. Such information would not be intended to supersede getting the information from NCIC, and BJA is working on obtaining it. For consumers there is a survey circulating in the states asking whether states want to opt in or opt out of providing such information. However, BJA learned the survey was not specific to NMVTIS information, and so they plan to work with the FBI to try and send a NMVTIS-specific survey tool to the states if possible.

Mr. Lewis praised AAMVA for a superb job in alerting BJA to particular states being offline for updates, and BJA now notes this information at the very top of the search engine so users do not receive false positives. He also noted that the CARS database is easily searchable at very little cost, making that another source of information.

There are still two access points for law enforcement access: the Regional Information Sharing System (RISS) and Law Enforcement Online LEO, from the FBI. BJA is exploring how to allow access to the search tool data from wherever individuals are vetted as law enforcement. He presented the following usage statistics:

- 1994 total users from inception to 5/1/2013
- 213 new users in 2013
- 596 new users in 2012
- 41,155 inquiries from inception to 5/1/2013
- 19,989 searches in 2012; 11,441 so far in 2013

BJA is working on search improvements including a multiple VIN search, bulk search and expanded search. Soon they also will look at making the violation report available online. BJA is also trying to find an owner – an entity that would grant access to the site by request – to the Vehicle Theft Investigators Sharepoint Site on RISS, which is also accessible on LEO. He encouraged Board members to keep submitting ideas for data sources.

Mr. Lewis noted that the first pilot of the Online Salvage Awareness Class, held in April in Baltimore, MD, was a great success. Mr. Hildreth asked how his industry could check VINS for stolen history for vehicles they receive from the

public, and Mr. Lewis replied that stolen vehicle information would be available to the public once consumer access is granted via the state survey process.

NMVTIS System Operator Update - AAMVA

Strategic Update
Mr. Quinlan noted that NMVTIS operation has entered a new phase in that grant funding ended in December 2012. The program is now funded by user fees from states and consumers. There are 10 providers in production and one in development.

A recurring concern that could impact operating costs is the lack of reporting, duplicate reporting and costs of reporting in the JSI program. A draft whitepaper addressing these issues should be completed by the end of the year. On the consumer access side, AAMVA began a program review of the application process, contract terms, better product definition, and pricing. In the interim there is a suspension on any new providers until that review is completed (target date: December 2013).

To date, all states are current with NMVTIS fees, and the state fees for 2014 have been approved by AAMVA and DOJ. For the 2015 costs, AAMVA is planning a full analysis of costs and revenues, and will make a recommendation to the AAMVA Board in August 2013.

Concerning the Operator Agreement, AAMVA plans to develop a rolling 3-year business plan addressing revenue, costs, and state fees. They have also proposed draft language to BJA on scope, licensing rights, and termination rights.

Operational Update
Ms. Cameron provided an update on state development efforts, noting that the Colorado data, which had to be removed, has now been reloaded. There are 9 states in development and 8 providing data only. Now that Maine's title and brand data has been loaded, 89% of U.S. DMV data is represented in the system.

- 34 states are fully participating
- 8 states are providing data
- 9 states are in development

As a result of NMVTIS Board subcommittee activity, AAMVA was asked to do outreach, resulting in some movement in some states whose efforts had become sluggish. Ms. Cameron reviewed the particulars. She also noted the progress of working groups on State Business Rules, Law Enforcement, and the JSI Program, noting that the working group on the Consumer Access Program is on hold as they explore alternative approaches to engaging the providers without

impacting competitive concerns.

System numbers continue to trend upward at the same rate. As of March 2013, NMVTIS contained the following:

- About 413 million current title records
- Over 399 million title history records
- Over 78 million brand records
- About 56 million JSI records

Financial Update
Mr. Saitta presented a closeout financial report, summarizing the period of grant funding from October 1, 2010 to December 2012, when grant funding was fully expended. Following are some highlights:

On average, the burn rate for all costs was $460K for month.

- 87% of expenditures were related to base system operations
- 73% of program expenditures were for staffing and data center support
- 53% of the staff was comprised of contractors (number of contractors is dropping)

Beyond federal funding from BJA, NMVTIS earned $2.1 million, which BJA has for use at a future date. AAMVA also spent $4 million in support of operational efforts.

Reengineering Update
Mr. Guiot reported on the re-engineering of the NMVTIS system, which originally resided on both a mainframe and web-based platform. On January 7, 2013, as scheduled, both components were moved to a new web-based system using a Microsoft SQL server. The launch went very smoothly and was accomplished over a weekend with no impact on stakeholders. AAMVA migrated 1 billion records to the new system, resulting in improved flexibility in data exchange and a 50% reduction in ongoing data center cost.

As part of the new architecture, disaster recovery capabilities were extended to the entire system. Now in the event of a disaster, the entire system could move from the primary to the secondary site in a matter of minutes. Other enhancements include:

- New Service Oriented Architecture (SOA) web services using NIEM for information exchange
- Improved flexibility for reporting on the data and for data mining through Online Analytical Processing (OLAP)
- Enhanced online transaction processing
- Ability for states to have more flexibility and update their own pointers

Tasks remaining include:

- Providing states with online JSI data
- Providing law enforcement with enhanced search capabilities and NICB theft data
- Providing detailed title data from state of title in state web interface
- Providing a more comprehensive web-based solution for both states and consumer access providers
- Completing some of the batch programming

Closing Remarks

Mr. Brighton announced the second part of the webcast for ***June 18, 2013***, saying it would be more interactive and include a panel on Hurricane Sandy. Ms. Cameron reiterated the importance of participants fully registering and signing into the webinar in order to fully participate.

Mr. Farrow thanked everyone. The meeting was adjourned at approximately 1:30 p.m.