

# **Auto Databases: Who knows where that car has been?**

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**Bernard Brown - The Brown Law Firm**

**Deepak Gupta – Public Citizen**

**Alissa Huntoon – U.S. Department of Justice**

**Howard Nusbaum – National Salvage Vehicle Reporting Program (NSVRP)**

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# Speakers

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# For more information

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- To subscribe to the listserv of those interested in Cars and Working Families just go to:  
<http://lists.nclc.org/subscribe/> and check the Auto Ownership, Finance, and Policy list
- Visit the following websites:
  - National Consumer Law Center's Auto Page:
    - <http://www.consumerlaw.org/issues/auto/index.shtml>
  - National Motor Vehicle Title Information System:
    - <http://www.nmvtis.gov>
  - Public Citizen:
    - <http://www.citizen.org/>

# Car History Databases

The databases:

Carfax

Autocheck

National Motor Vehicle Title Information System (NMVTIS)

All three currently have huge holes – especially the lack of insurance claims data

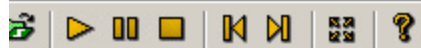
Carfax and Autocheck do NOT show previous damage perhaps 90% of the time when a rebuilt wreck is being sold

“Clean” Carfaxes and Autochecks are used regularly by dealers to help in committing fraud

From “The Secret History of Cars”, a CBC story aired January, 2009

CBC interviewer to Carfax representative:

“Darren says he thought the whole point of Carfax was to let him know if the truck he was buying had any problems.”



0:00:07 / 0:00:43





Carfax's Larry Gamache:

“I'm sorry, he was mistaken.”



0:00:12 / 0:00:43



NMVTIS is breaking the dam of insurance industry secrecy – getting insurance data, and salvage auction data

Even Carfax is now calling for ALL insurance claims data to be made available to the public

NMVTIS holds the future – the hope for preventing these fraudulent sales all across the country

Building NMVTIS, and getting all the insurance data into NMVTIS, is the goal



# The National Motor Vehicle Title Information System: A Historical Overview

Deepak Gupta, Staff Attorney  
Public Citizen Litigation Group  
Washington, DC

# Anti-Car Theft Act of 1992

- Passed by Congress in October 1992
- Primarily a crime bill – covered carjacking, car theft, increased penalties, etc.
- To prevent and deter fraud and theft, required Department of Transportation to establish a “National Motor Vehicle Title Information System” by January 31, 1996.



# Anti-Car Theft Act of 1992

- Congress mandates that NMVTIS include title information provided from three sources: states, insurers, and junk & salvage yards.
- All states must report titling information.
- Monthly reports from all junk & salvage yards on junk/salvage vehicles obtained
- Monthly reports from all insurance carriers on junk/salvage vehicles obtained
- Transportation Secretary must write regulations to implement the system

# Anti-Car Theft Act of 1992

- System “shall permit a user ...at least to establish instantly and reliably” the following:
- (1) validity & status of a purported title
- (2) whether a car with a known VIN is titled in a particular state
- (3) whether a car known to be titled in a state has been a junk or salvage vehicle
- (4) odometer mileage disclosure for particular cars
- (5) whether a car with a known VIN has been reported as a junk or salvage car



## 1992-1996: NHTSA Drags Its Feet

- DOT delegates responsibility for NMVTIS to the National Highway Transportation Safety Administration (NHTSA)
- NHTSA convenes a task force known as the Motor Vehicle Titling, Registration, and Salvage Advisory Committee. The task force represents affected industries, but not consumer groups.
- The task force recommends (1) passage of federal legislation requiring uniform definitions of salvage vehicles, (2) funding sources for the titling system, and (3) penalties to enforce compliance.
- DOT accepts most of the task force recommendations.



# 1992-1996: NHTSA Drags Its Feet

- American Association of Motor Vehicle Administrators (AAMVA) is NMVTIS's designated "system operator"
- 1994: DOT sends proposed legislation to Congress asking for an extension of the deadline for implementing NMVTIS from January 1996 to October 1997.
- DOT claims the extension is needed to conduct a pilot test.
- NHTSA denies AAMVA's request for funding for a pilot study of NMVTIS, despite a congressional appropriation of \$890,000 in NHTSA's budget.



# 1996: Congress Intervenes

- November 1995: Rep. Chuck Schumer asks GAO to look into implementation status of NMVTIS
- Anti-Car Theft Improvements Act enacted in January 1996.
- Transfers responsibility to Justice Department
- Extends deadline to October 1, 1997



## 1996-2008: More than a Decade of More Delay

- 1997: New deadline comes and goes without implementation
- 1998: Carfax meets with Sen. Ashcroft. Ashcroft calls the system a “Washington boondogle,” asks to GAO for report on whether cost-benefit analysis is needed.
- 1999: GAO says cost-benefit analysis is needed
- 2000: AAMVA report says its pilot system “fulfills the requirements of the Act in a way that is technically feasible, and that also reduces fraud and deters titling of stolen vehicles.” System ready to receive data.
- 2001: Justice Department’s own cost-benefit analysis shows that NMVTIS is a bargain: With an investment of \$10 Million, a fully implemented system could “achieve benefits in the range of \$4 Billion to \$11.3 Billion annually.”

# *Public Citizen v. Mukasey*

- Three consumer groups (Public Citizen, Consumers for Auto Reliability and Safety, and Consumer Action) sue the Attorney General in February 2008
- Suit is brought under Administrative Procedure Act in federal court in San Francisco
- Suit focuses on three delayed actions: (1) issuance of regulations, (2) commencement of information reporting from insurers and junk & salvage yards, (3) consumer access.
- Asks for a declaration that the government has broken the law and injunction requiring action.

# *Public Citizen v. Mukasey*

- Justice Department (1) challenges consumer groups' standing, (2) argues statute of limitations has run, (3) argues court intervention is unnecessary.
- In September 2008, Judge Patel rejects DOJ's arguments, grants summary judgment for plaintiffs.
- Judge orders DOJ to issue regulations and provide consumer access by January 30, 2009 and begin information reporting in April 31, 2009.



# *Public Citizen v. Mukasey*

- Grace Period: Because some states, including California, are restricting consumer access, parties agree to a “grace period” during which the DOJ will “endeavor to convince” any states with restrictions on consumer access to lift them. Initially runs through February 2009.

# *Public Citizen v. Mukasey*

- DOJ issues regulations on the eve of the court-ordered deadline (January 30, 2009). Regulations require information reporting by March 31, 2009.
- DOJ also implements consumer access through portal providers via NMVTIS.gov
- Several states maintain restrictions on consumer access (California, New York, Pennsylvania).

# Challenges with State Participation

- January 2009: Letters, press conference re state access restrictions. PA and NY eventually drop restrictions.
- California continues to hold out on consumer access because of private contract terms.
- March 5, 2009: House Consumer Protection Subcommittee Hearing
- March 30, 2009: Legislation introduced in California Assembly, sponsored by CARS
- Legislation Passes in California, sets January 2010 deadline
- February 2010: California DMV complies; allows consumer access; monitoring continues



# Continuing Challenges

- How can we get states to report data?
- How to expand the data in the system?
- How can we get the data in the system onto the Used Car Buyers' Guide, so consumers see it at the point of purchase?
- How to get consumers to use databases—need for consumer education, advertising.



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# National Motor Vehicle Title Information System

[www.vehiclehistory.gov](http://www.vehiclehistory.gov)

National Consumer Law Center Webinar  
March 18, 2010

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## What is NMVTIS?

- NMVTIS is an electronic system designed to protect consumers from fraud and unsafe vehicles and to keep stolen vehicles from being resold. It is a tool that assists states and law enforcement in deterring and preventing title fraud and other crimes.
- NMVTIS allows states to electronically exchange title information and to instantly and reliably determine the validity of a vehicle title.
- Created as part of Anti Car Theft Act 1992 (PL 102-519) and Anti Car Theft Improvements Act of 1996 (PL 104-152).

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[www.vehiclehistory.gov](http://www.vehiclehistory.gov)



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## What is the value of NMVTIS to Law Enforcement, States, and the Public?

- Improves ability to identify vehicle theft rings and combat other criminal enterprises involving vehicles
  - Reduces title fraud (VIN cloning)
  - Reduces odometer fraud
  - Reduces “brand washing”
- Protects states from fraud and reduces the use of stolen vehicles for illicit purposes
- Increases accuracy of state DMV data
- Increases consumer protection

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[www.vehiclehistory.gov](http://www.vehiclehistory.gov)



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## What information is available to consumers via NMVTIS?

- Consumers can use NMVTIS to access vehicle history information:
  - Current state of title and last title date
  - Brand history – listing of brands
  - Odometer readings
  - Total loss history (all insurers and some self- insurers)
  - Salvage history
- Consumers can check used vehicles online for a small fee – under \$5 for a complete report.
- A NMVTIS Vehicle History Report is intentionally concise. It is intended to provide data on only five key indicators associated with preventing fraud and theft.

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[www.vehiclehistory.gov](http://www.vehiclehistory.gov)



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## How is NMVTIS different from other vehicle history databases?

- 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 to report vehicle history information to monthly.



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## Current Status (as of March 17, 2010):

- All but 4 states and DC are reporting data to NMVTIS or are in development to do so.
- Nearly 80% of all registered vehicles in the U.S. are represented in the system.
- 14.5 million salvage or total loss records in NMVTIS.
- Junk/salvage/insurance reporting from ALL states

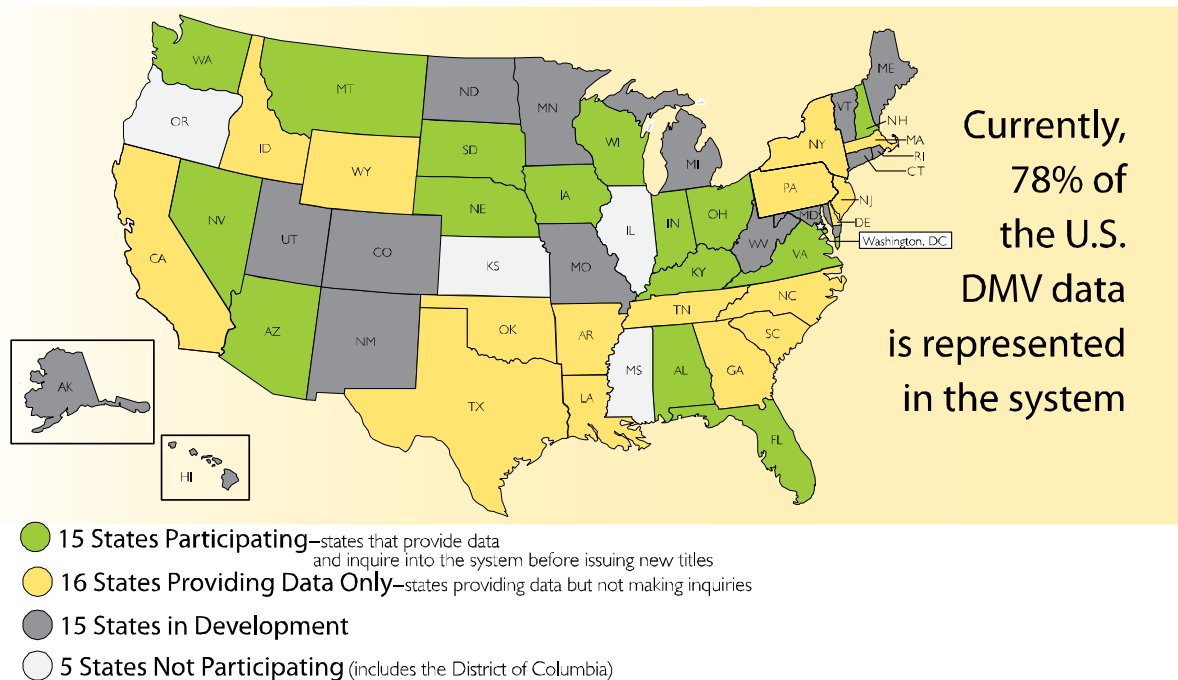
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[www.vehiclehistory.gov](http://www.vehiclehistory.gov)



# What is your state doing?

## State Motor Vehicle Administration Overall Compliance



February 2010

This map represents state motor vehicle titling agencies' level of compliance with NMVTIS. These state agencies have separate responsibilities and reporting requirements under the NMVTIS rules and regulations than do other reporting entities, such as, junk/salvage yards and insurance carriers. Per the NMVTIS rules and regulations, state compliance includes providing data to NMVTIS, making title inquiries, and paying user fees.





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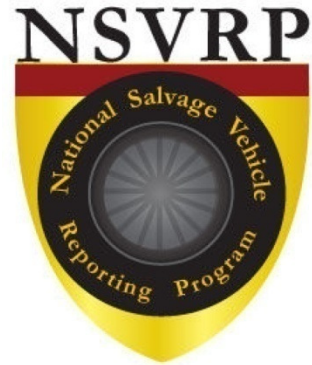


Comprehensive information, FAQs, policy guidance, and map available at: [www.vehiclehistory.gov](http://www.vehiclehistory.gov)

Bureau of Justice Assistance  
[www.ojp.usdoj.gov/BJA](http://www.ojp.usdoj.gov/BJA)

Email: [NMVTIS@usdoj.gov](mailto:NMVTIS@usdoj.gov)

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# National Consumer Law Center

## Using Automotive Databases

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March 18<sup>th</sup>, 2010





# Why NMVTIS?

## Goals

- Health and Safety
- Financial Harm
  - Reduced Value
  - Total Loss of Equity
- LE (Domestic)
- International Terrorism



# NMVTIS

## Consumer Issues

### Health and Safety

- Unsafe vehicles
  - Hazmat
  - Substantial previous damage poorly repaired
  - Circumvention of intended safety controls
    - State re-inspection of branded vehicles
    - Title washing statistics



State of Connecticut Salvage Vehicle Re-inspection Process



Approximately 370,000 branded titles washed in 2008



# NMVTIS

## Consumer Issues

- Financial Harm
  - Reduced Value
    - Undisclosed significant previous damage history (even if repaired)
    - Undisclosed previous title branding
  - Total Loss of Equity
    - Unknown purchase and subsequent forfeiture of stolen /cloned vehicle
    - Theft of owned vehicle facilitated by current patchwork title system



# NMVTIS

- **Vehicle Theft Trends**

- Total thefts down (engine immobilizers etc)
- Non-Recovery rates of stolen vehicles increasing (fewer joy riding thefts, while ‘pro’s still operate)
- More ‘white collar’ organized crime thefts that are not reported in the statistics ( ‘Financed with Intent to Defraud’)
  - Leased with intent to defraud
  - Rentals with intent to defraud

- **Vehicle Fraud Trends**

- Wish we could say the same (but cannot)





## Current Status: Consumer Access

- **Consumers receive information on:**
  - **a vehicle's current title, including the vehicle's brand history. ("Brands" are descriptive labels regarding the status of a motor vehicle, such as "junk," "salvage," and "flood" vehicles)**
  - **the latest reported odometer readings**
  - **any determination that the vehicle is "salvage" by an insurance company or a self-insuring organization (including those vehicles determined to be a "total loss") and**
  - **any reports of the vehicle being transferred or sold to an auto recycler, junk yard, or salvage yard.**
- **Current cost for reports ranges from \$2.25 to \$3.50**



## Current Status: Consumer Access



Adobe Acrobat  
Document

**Basic Report**



Adobe Acrobat  
Document

**Advanced Report**

Sample Consumer Report







# NMVTIS to Date

- **Expanded Mandatory Group Compliance**
  - Junk/Salvage (\*Recyclers)
  - Junk/Salvage (\*Salvage Pools)
  - Junk/Salvage (\*Shredders)
  - Insurance (All total loss vehicles 0-4 yr \*regardless)
  - Insurance (\*Rental Car Companies as Insurers)
- **Expanded Years of Mandatory Coverage**
  - Junk/Salvage (All years required reporting)





# NMVTIS to Date

- Facilitating Additional Compliance Reporting
  - Voluntary Reporting of Additional Data Items by Covered Reporting Entities
  - Voluntary Reporting of Historical Data by Covered Reporting Entities
  - Voluntary Reporting by Unregulated Parties
    - \*International Recycling Groups
    - \*International Governmental Entities
    - \*Coordination and additional Reporting by other domestic agencies



# NMVTIS to Date

- Level of Compliance Varies
  - Salvage/Dismantler
    - Partial Compliance to date (est. 30% by count, 60% by volume)
    - Compliance in effect after 2<sup>nd</sup> Consolidator on-line
    - C4C aided compliance
    - Many Recyclers rely upon commercial systems most now just support reporting
    - Low cost compliance options now in place and usage growing rapidly
    - Estimated Substantial Compliance by Q1 2010



# NMVTIS to Date

- Level of Compliance Varies
  - Salvage Pools
    - Partial Compliance to date (percentage compliance is not known, not all majors fully compliant yet?)
    - Compliance in effect after 2<sup>nd</sup> Consolidator on-line
    - C4C aided compliance
    - Three main companies control 80%+ of national volume.
    - Industry is highly computer capable and should easily be able to meet full compliance
    - Industry fought compliance and regulation
    - Attempts to circumvent reporting and regulatory oversight
    - Estimated substantial compliance will require some enforcement action with subsequent rapid full compliance



# NMVTIS to Date

- Level of Compliance Varies
  - Insurers and Rental Cars
    - Partial Compliance to date
    - Compliance in effect after 2<sup>nd</sup> Consolidator on-line
    - Main conduits are ISO, ADDS123, Audatex (3 consolidators)
    - Industry is highly computer capable and should easily be able to meet full compliance
    - Industries fought compliance and regulation
    - Industries relied on exempting vehicles from reporting
    - Estimated substantial compliance by all parties likely to take some enforcement with subsequent rapid compliance





## Current Status: States

- **As of January, 2010, 37 states are actively involved with NMVTIS (representing 78% of the U.S. motor vehicle population).**
  - 15 states fully participating;
  - 16 states regularly providing data
  - 15 states actively taking steps to provide data or participate fully
  - Remaining 'laggards' are Kansas, Mississippi, Illinois, Oregon and D.C.
- **The regulations are extending the deadline for states' compliance to the Act to provide all states with additional time to become fully participating. The new deadline was January 1, 2010. All but four states are now in process to meet compliance.**

States are required to report:

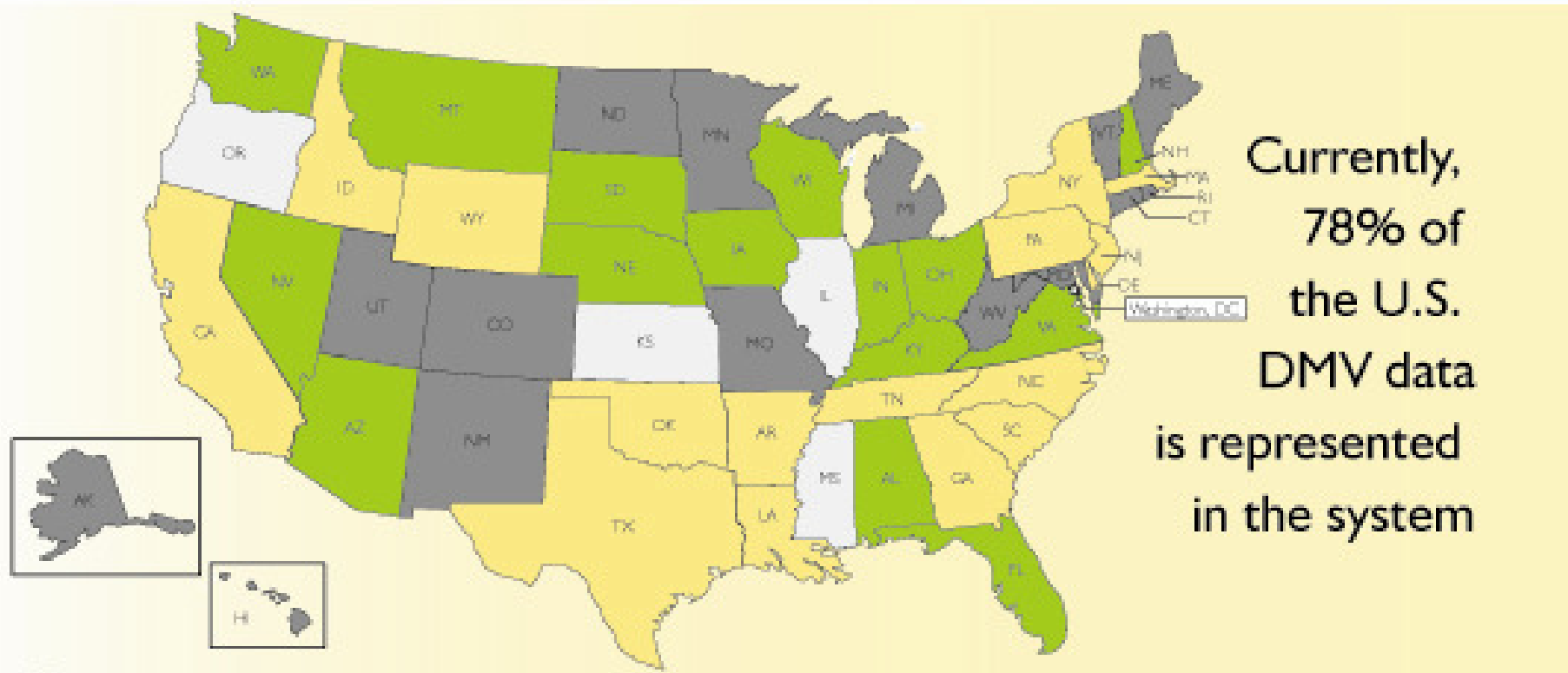
- 1 - VIN,
- 2 - vehicle description as shown on the title to include brand information,
- 3 - name of the individual or entity on the title,
- 4 - odometer reading, and
- 5 - if being collected by the state, information from junk or salvage yard operators or insurance carriers regarding their acquisition of junk/salvage vehicles.



## Current Status: States (cont'd)

- **A state compliance technical alternative is in development that will be a stand-alone access method that states may use to make NMVTIS inquiries without requiring changes to local information systems with Internet capabilities.**
- **States will be required to perform “instant” title verification checks before issuing a certificate of title.**
- **States will be strongly encouraged to report to NMVTIS information on all motor vehicles possessing VINs in their state titling systems (examples: automobiles, motorcycles, work trucks, etc.).**

# State Motor Vehicle Administration Overall Compliance



- 15 States Participating – states that provide data and inquire into the system before issuing new titles
- 16 States Providing Data Only – states providing data but not making inquiries
- 15 States in Development
- 5 States Not Participating (includes the District of Columbia)

February 2010

This map represents state motor vehicle titling agencies' level of compliance with NMVTIS. These state agencies have separate responsibilities and reporting requirements under the NMVTIS rules and regulations than do other reporting entities, such as, junk/salvage yards and insurance carriers. Per the NMVTIS rules and regulations, state compliance includes providing data to NMVTIS, making title inquiries, and paying user fees.





## Status: Junk/Salvage/Insurance Reporting (cont'd)

- **Reporting to NMVTIS is available through third-party reporting entities. (ISO, ADDS, Autadex)**
- **Entities already reporting information to the state would not be required to also report the information directly to NMVTIS. (No states presently qualify to provide that pass through capability)**
- **Individuals or entities that handle fewer than five (5) vehicles per year that are determined to be salvage or total loss are not required to report under the salvage yard requirements, consistent with requirement for automobile dealers.**



- Third Party Salvage Reporting

Auto Data Direct (ADDS)

Insurance Service Office (ISO)

Audatex

Statistics:

- 14.5 million records
- Registered Entities in all states
- 7,542 Registered
- 3,372 Reporting





## Consumer Access Providers:

- Auto Data Direct
- CARCO Group
- Two more in development

## Data available includes:

- 78 % total US vehicle population (including CA!)
  - Current titles: 336 million
  - Title History: 215 million
  - Brand History: 52 million
- 14.5 million JSI records:



# NMVTIS to Date

- Expanded databases in progress
  - International cooperation to interdict outbound stolen vehicles
  - Coordination efforts with CBP and AES
  - Efforts to integrate lien data with NMVTIS and CBP
  - Coordination with other governmental agencies



(List of some databases available to LE entities)



# What If There Was No NMVTIS?

- Minimal public reporting by insurers
- No salvage reporting by pools
- Only voluntary reporting by dismantlers
- No reporting by Rental Car fleets of total loss vehicles
- Loss of coordination between states
- Return to washed title brands
- Inability to implement effective border controls
- Loss of protection to consumers and the general public