National Automobile Theft Bureau
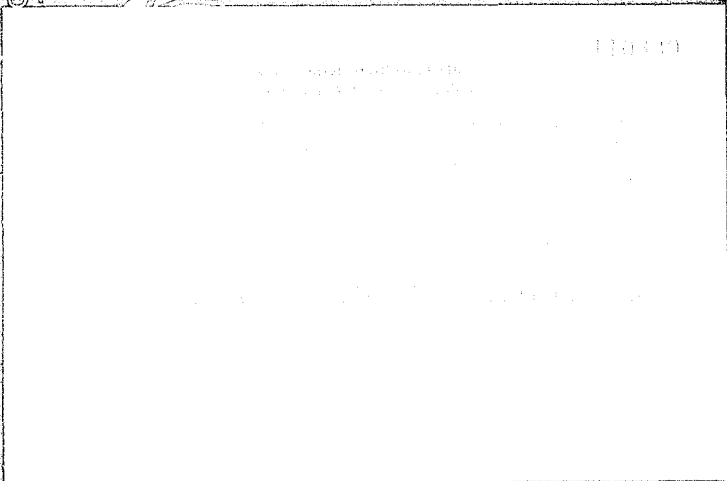
NATB
1912
BUREAU

Annual Report

NATIONAL AUTOMOBILE THEFT BUREAU
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apid exchange of information has had a profound impact on our world. Futurists often point to the stresses encountered in our transition from an industrial society to an informational society. John Naisbitt, author of *Megatrends,* notes that instead of turning us outward towards space, communication satellites have turned the Earth inward upon itself. The planet has been transformed into a global village.

We who are working to control vehicle crime recognize this truth. Sophisticated communications and improved transportation have transformed the world of vehicle theft inward upon itself, too, into a global village of financial crime. Commercial ring operations which once were local or statewide now are nationwide or international in scope.

A major area of concern is exportation of stolen vehicles. With the world transformed into a global village, this crime has grown to become one of the paramount problems associated with vehicle theft and vehicle fraud. Exportation of stolen vehicles now is ranked at a level comparable with chop shop activity and the illegal use of salvage vehicle identification numbers to disguise stolen vehicles.

NATB's experience also indicates an expanding problem involving the purchasing, financing, insuring and exportation of expensive new vehicles by non-nationals who, after the vehicles reach their foreign destination, frequently report the vehicles as stolen in this country.

In addition, NATB's information indicates there is illegal exportation of stolen vehicles from the United States to the Dominican Republic, Curacao and other Central American nations. Since many of these countries do not have treaties with the United States, the victims of thefts have no recourse to recover their vehicles.

NATB recognized the export problem

several years ago and cooperated with the Federal Task Force in the passage of the Motor Vehicle Theft Law Enforcement Act of 1984.

Title III of the Act mandates that the Secretary of the Treasury prescribe regulations to control the exportation of *used* motor vehicles and used off-highway mobile equipment. It permits Customs to exchange export information with law enforcement authorities. NATB, therefore, has offered its services in developing a central vehicle file to facilitate information exchanges for use by law enforcement.

On March 17, 1987, the Treasury Department issued a proposed rule regarding the exportation of stolen vehicles, and asked for comments. The closing date for comments was May 18, 1987.

Seven months passed without further announced action. On January 11, 1988, the Bureau contacted the Treasury Department and expressed a serious concern over the delay in the promulgation of a final rule.

Two weeks later, the Treasury Department informed the Bureau that U.S. Customs had suspended the

rulemaking and was redrafting a proposed rule based on comments they received.

With thousands of stolen vehicles being exported out of the country each year, NATB encourages the Secretary of the Treasury to set the promulgation of an appropriate rule as a high-priority item. Immediate rulemaking is needed in order to help control the escalating problem of exported stolen vehicles.

This year's annual membership meeting marks a milestone in the history of NATB as we celebrate the conclusion of the Bureau's 75th anniversary. Imagine what NATB employees of 1912 would think of today's international vehicle theft problem. Probably they would be startled by the speed with which the thieves are able to transport stolen vehicles across county, state, national and international borders.

They would be appalled that for the last eight years there have been over a million vehicles stolen each year in the United States. In addition, there have been almost 1.3 million thefts of contents and over 1.2 million thefts of accessories. Last year one out of every 46 registered vehicles was stolen, or had its contents or accessories stolen. Vehicle theft costs the U.S. public $6 billion a year.

Imagine what NATB employees of 1912 would think of today's growing problem of fraud and other abuses of financial institutions. They would be astonished by "owner give-ups," when an owner conspires with a third party to dispose of his or her vehicle, and then submits a fraudulent theft report and a fraudulent insurance claim. They would be concerned by the number of "salvage switches," "phantom vehicles," and burned vehicles which contribute to the growth of financial crime. They would be alarmed by the estimate that 15% of all thefts reported to the Bureau are frauds or attempts to defraud.

Today's criminals tend to view fraud as a great way of doing business if all they are confronted with is a fine. If they face loss of liberty they look at it differently. NATB, therefore, supports the drafting and enactment of model "owner give-up" legislation, which would make it a felony for vehicle owners to conspire with a third party to have their insured vehicles disposed of so they can collect insurance money.

Probably our employees of 1912 would be most amazed by the speed with which we handle communications — at the rapid exchange of information by NATB, law enforcement and insurers. Yet today, NATB realizes that just as society is experiencing a period of unprecedented challenge and transition, as a result of the technical transformation from an industrial to an informational society, the Bureau also must experience a major period of transition. NATB must undergo a fundamental and structural modification of its communications and recordkeeping in order to keep ahead of the technical, economic and regulatory changes which are rapidly developing in our society . . . and, to keep ahead of the increased sophistication of criminal action which makes it more difficult to uncover, analyze and act upon theft and financial crime.

Futurist John Naisbitt points out that the "pace of change will accelerate even more as communications technology collapses the information float." The information float, according to Naisbitt, "is the amount of time information spends in the communication channel."

NATB's modification of its information system will substantially reduce the Bureau's information float. In order to improve efficiencies NATB will be installing new computers and disk drives during the second quarter of 1988. NATB also will be expanding the size of its computer facilities and will be completely redesigning all existing software applications in order to take advantage of current technology. These advances will facilitate rapid access of on-line files and speed the exchange of information between NATB, law enforcement, and insurers.

In addition, the Bureau is providing for a major expansion of its on-line data base. Currently, on-line data files contain records of thefts, locations, salvage, impounds and police inquiries. NATB will add an on-line index of all vehicle claims as well as information on shipping and assembly data, export vehicles and import vehicles.

Alvin Toffler, author of *Future Shock* and *The Third Wave* describes current stresses as "birth pangs" of the new economic and social order . . . the "Third Wave" civilization of tomorrow. According to Toffler, new technology in the processing and transmission of information will produce new efficiency to help control the stress of this decade. NATB's structural modification of its communications and recordkeeping systems will produce new efficiencies the Bureau needs in order to help control the stresses of increased vehicle theft and financial crime.

The Bureau's ultimate goal for 1988 is to master our new resources in order to become honed and polished into the absolute cutting edge of efficiency. There can be no doubt that this is exactly what is expected of NATB by insurers and law enforcement agencies as they focus on our activities and progress.

To put time in perspective, it's interesting to note that it was just 75 years ago when the National Automobile Theft Bureau became the first central repository for vehicle theft information. Eleven insurers writing a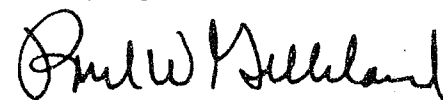utomobile insurance in Chicago submitted limited data to the Bureau. We must acknowledge the wisdom of these insurers, who in 1912 had the foresight to establish a central vehicle theft reporting agency. One has to wonder what the dimensions of today's theft problem would be without the services of NATB.

Today, over 660 insurers submit vehicle theft data to NATB. In the very near future, the Bureau's data base will contain 200 million on-line records. None of NATB's accomplishments would have been possible without the continued support of our member insurers. I recognize and thank our member companies for their continuing support and co-operation.

It has been the acceptance of individual responsibility by each Bureau employee that actually has made NATB's machinery work. The growth and success of NATB could not have been achieved without the dedication and professionalism of our past and present employees. We at NATB understand one important thing, and that is that no record-keeping and communications system works unless people make it work.

We also are grateful to our colleagues in law enforcement who have cooperated with the Bureau during the past 75 years. Our common understandings have combined with common purpose to bind us together in joint efforts to control crime.

As we look to the next 75 years, NATB does not minimize difficulties that stand in the way of our efforts to control crime. Difficulties do exist and they are not insignificant. We at the Bureau, however, have the desire and confidence to overcome these difficulties. We will find the way. This is our pledge for the next 75 years.

Motor Vehicle Theft Facts*

The Federal Bureau of Investigation's *Uniform Crime Reports* for 1986,* released on July 25, 1987, revealed the following picture of motor vehicle theft in the United States.

There were 1,224,137 thefts in 1986, up 11.0 percent from 1985.

There were 1,502,230 thefts of contents from motor vehicles in 1986.

There were 1,204,687 thefts of motor vehicle accessories in 1986.

Throughout the nation, a vehicle theft occurred every 26 seconds: This is an average of approximately two every minute, or 3,323 per day.

One out of every 148 registered motor vehicles was stolen.

One out of every 46.2 registered motor vehicles was stolen itself, or had its contents or accessories stolen.

Countrywide, the recovery value rate of stolen motor vehicles decreased from 64.4 percent in 1985 to 64.0 percent in 1986. Although the 1986 results indicate a decrease in the recovery rate, the data may not be comparable due to different reporting procedures used in 1986.

Thefts of contents from motor vehicles amounted to 17.7 percent of all larcenies.

Thefts of accessories of motor vehicles amounted to 14.2 percent of all larcenies.
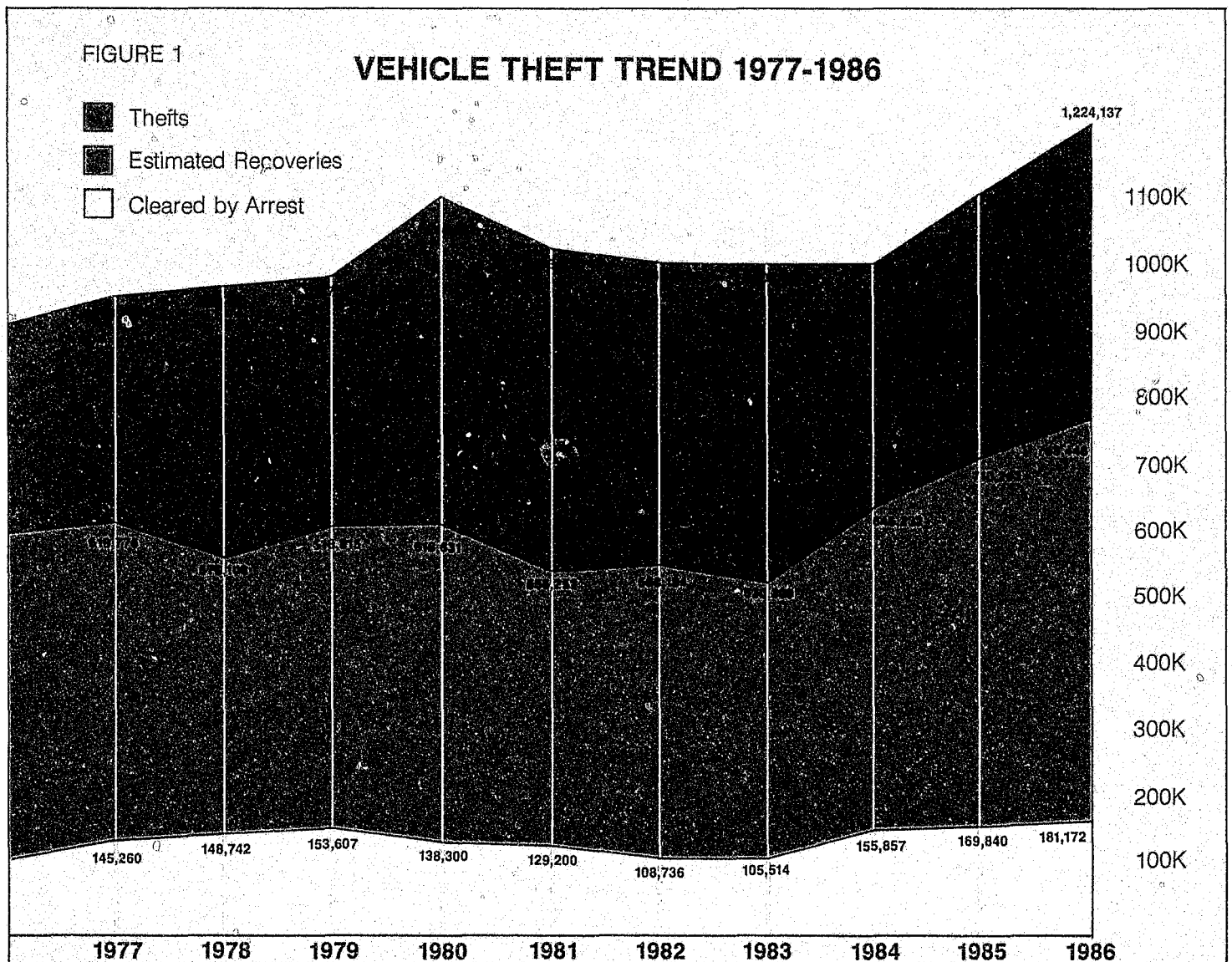
Thefts of a motor vehicle amounted to 14.3 percent of all larcenies.

Nationally, the combined total of 46.4 percent of all larcenies reported to law enforcement involved the theft of the motor vehicle, its contents, or its parts.

In 1986, 14.8 percent of motor vehicles thefts were "cleared by arrests."

Motor vehicle theft occurred at the rate of 507.8 per 100,000 population.

*Latest annual data available.

FIGURE 1

VEHICLE THEFT TREND 1977-1986

■ Thefts
■ Estimated Recoveries
□ Cleared by Arrest

1,224,137

1100K
1000K
900K
800K
700K
600K
500K
400K
300K
200K
100K

145,260 148,742 153,607 138,300 129,200 108,736 105,514 155,857 169,840 181,172

1977 1978 1979 1980 1981 1982 1983 1984 1985 1986

FIGURE 2 - VALUE OF PROPERTY STOLEN DURING MOTOR VEHICLE RELATED THEFT - 1986

Motor Vehicles (1,224,137 x $4,888)	$5,983,581,656
Contents (1,502,230 x $428)	$ 642,954,440
Accessories (1,204,687 x $282)	$ 339,721,734
TOTAL	$6,966,257,830

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986

FIGURE 3 - AVERAGE VALUE OF MOTOR VEHICLE THEFT

Year	Average Value of Motor Vehicle Theft*	Average Value of Contents Theft*	Average Value of Accessories Theft*
1976	$1,741	$216	$134
1977	1,992	231	128
1978	2,325	254	139
1979	2,692	299	109
1980	2,879	341	172
1981	3,173	366	192
1982	3,545	385	214
1983	3,934	381	238
1984	4,418	391	273
1985	4,619	428	283
1986	4,888	428	282

Observations:

Average value of a stolen motor vehicle is up 180.8% since 1976.
Average value of contents is up 98.2% since 1976.
Average value of accessories is up 110.5% since 1976.
The increase in the percent of the value of stolen motor vehicles recovered is up from 62% in 1975 to 64% in 1986.

Source: Federal Bureau of Investigation's *Uniform Crime Reports* extracted 1976-1986.
*The data indicates the average value at the time of theft. It does not indicate insurance losses.

FIGURE 4 - MOTOR VEHICLE THEFT (1976-1986)
Percent of Type of Vehicle

Year	Auto	Trucks and Buses	Other Vehicles*
1976	83.1	7.9	9.0
1977	80.3	9.4	10.3
1978	77.8	11.3	11.0
1979	75.1	12.9	12.0
1980	74.7	13.1	12.2
1981	74.6	13.6	11.8
1982	74.8	14.5	10.7
1983	75.7	14.0	10.3
1984	75.9	14.1	10.3
1985	75.4	14.2	10.4
1986	77.3	13.6	9.1

*"Other vehicles" include motorcycles, trailers, snowmobiles, and mopeds

Source: Federal Bureau of Investigation's *Uniform Crime Reports* extracted 1976-1986.

Motor Vehicle Theft Facts*

The value of property stolen during motor vehicle related thefts totalled an estimated $6 billion in 1986 (see Figure 2).

The average value of a stolen motor vehicle at the time of the theft was $4,888 (see Figure 3).

The average value of theft of contents from a motor vehicle was $428 (see Figure 3).

The average value of theft of accessories from a motor vehicle was $282 (see Figure 3).

Automobiles represented 77.3 percent of the vehicles stolen in 1986 (see Figure 4).

In 1986, 13.6 percent of stolen vehicles were trucks and buses (see Figure 4).

The remaining 9.1 percent of stolen motor vehicles were classified "other motor vehicles." "Other motor vehicles" include motorcycles, trailers, snowmobiles and mopeds (see Figure 4).

The percent of stolen motor vehicles which were trucks and buses is up 72.2 percent in 1986 as compared to 1976. It is reasonable to assume that in 1976, 75,650 trucks and buses were stolen while in 1986, 166,483 trucks and buses were stolen (see Figure 4).

The percent of stolen motor vehicles which are "other motor vehicles" is up 1.1 percent in 1986 as compared to 1976 (see Figure 4).

The term "motor vehicle" does not include construction and farming equipment. □

*Latest annual data available.

Thefts in the States*

The Northeast reported 24 percent of the vehicle thefts in 1986, a one percent decrease from 1985.

The Midwestern states reported 22 percent of the thefts in 1986, a one percent decrease from the prior year.

The Southern states experienced 31 percent of the thefts, a one percent increase over 1985.

The Western states reported 23 percent, the same as in 1985.

Ten states accounted for 69.28 percent of all motor vehicle thefts in 1986. These states were California, Texas, New York, Michigan, Illinois, Florida, New Jersey, Massachusetts, Pennsylvania and Ohio (see Figure 5).

Massachusetts, New York, New Jersey, Rhode Island and Michigan led the nation in total vehicle thefts per 100,000 vehicle registrations (see Figure 6).

Massachusetts, Michigan, New Jersey, California and Texas led the nation in total vehicle thefts per 100,000 population (see Figure 7).

Massachusetts, Michigan and New Jersey led the nation in both total vehicle thefts per 100,000 population and in total vehicle thefts per 100,000 registrations (see Figures 6 and 7). □

*Latest annual data available.

FIGURE 5 - STATES WITH 40,000 OR MORE STOLEN MOTOR VEHICLES IN 1986

1986 Rank	State	1986 Thefts
1	California	205,597
2	Texas	119,121
3	New York	113,247
4	Michigan	73,193
5	Illinois	72,587
6	Florida	69,824
7	New Jersey	59,096
8	Massachusetts	52,866
9	Pennsylvania	42,130
10	Ohio	40,396
	TOTAL	848,057

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986 and NATB.
Latest annual data available.

FIGURE 6 - STATE VEHICLE THEFT REPORT FOR 1986 BY 100,000 REGISTRATIONS

1986 Rank	State	Thefts per 100,000 Vehicle Registrations
1	Massachusetts	1,336
2	New York	1,161
3	New Jersey	1,095
4	Rhode Island	1,045
5	Michigan	1,035
6	California	1,004
7	Illinois	950
8	Texas	941
9	Alaska	866
10	Oklahoma	722

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986.
Federal Highway Administration.
Alliance of American Insurers Research Dept.
Latest annual data available.

FIGURE 7 - STATE VEHICLE THEFT REPORT FOR 1986 PER 100,000 POPULATION

1986 Rank	State	Vehicle Thefts per 100,000 Population
1	Massachusetts	906.5
2	Michigan	800.4
3	New Jersey	775.5
4	California	762.0
5	Texas	714.1
6	Rhode Island	704.7
7	Oklahoma	649.2
8	New York	637.2
9	Illinois	628.3
10	Alaska	603.7

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986 and NATB.
Latest annual data available.

FIGURE 8 - CITY THEFT REPORTS FOR 1986

City	Vehicle Thefts	City	Vehicle Thefts
New York	85,853	Newark	12,918
Los Angeles	56,323	Cleveland	11,739
Chicago	48,511	Ft. Worth	9,554
Houston	34,188	New Orleans	9,466
Detroit	31,913	Pittsburgh	9,184
Boston	19,574	Miami	8,416
Dallas	16,214	San Antonio	8,130
San Diego	13,233	St. Louis	7,135
Philadelphia	13,094	Baltimore	6,873
Memphis	12,951	San Francisco	6,832

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986.
National Automobile Theft Bureau.
Latest annual data available.

FIGURE 9 - LARGE CITY AND COLLAR COMMUNITY VEHICLE THEFT REPORTS FOR 1986

	1986 Vehicle Thefts
Los Angeles Area	101,983
New York Area	90,183
Chicago Area	62,944
Detroit Area	59,263
Houston Area	44,572
Boston Area	33,292

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986, Metropolitan Statistical Areas (MSA)
National Automobile Theft Bureau.
Latest annual data available.

FIGURE 10 - CITIES OVER 50,000 POPULATION VEHICLE THEFTS PER 100,000 POPULATION

1986 Rank	City	Thefts per 100,000 Population
1	Newark, NJ	4,052
2	Southfield, MI	3,768
3	Boston, MA	3,409
4	Detroit, MI	2,909
5	Irvington, NJ	2,832
6	West Palm Beach, FL	2,804
7	Huntington Park, CA	2,565
8	Camden, NJ	2,438
9	Brockton, MA	2,377
10	East Orange, NJ	2,350

Source: Federal Bureau of Investigation's *Uniform Crime Reports* for 1986.
National Automobile Theft Bureau.
Latest annual data available.

Thefts in the Cities*

Twenty cities reporting vehicle thefts for 1986 accounted for 34.5 percent of the total thefts reported for the year (see Figure 8).

Five cities—New York, Los Angeles, Chicago, Houston and Detroit — accounted for 21.0 percent of the nation's total thefts in 1986 (see Figure 8).

Six major cities and their collar communities reported 32.0 percent of total vehicle thefts for 1986. Areas accounting for 32.0 percent of the thefts were Los Angeles, New York, Chicago, Detroit, Houston, and Boston (see Figure 9).

Newark, NJ; Southfield, MI; Boston, MA; Detroit, MI; Irvington, NJ; West Palm Beach, FL; Huntington Park, CA; Camden, NJ; Brockton, MA; and East Orange, NJ led the nation in reporting vehicle thefts per 100,000 population (see Figure 10).

The next ten cities were: Pittsburgh, PA; National City, CA; Elizabeth, NJ; Fort Worth, TX; Cleveland, OH; Miami, FL; Providence, RI; Memphis, TN; Houston, TX; and Union City, NJ.

Continuing high motor vehicle theft rates in most heavily populated cities indicates vehicle crime remains primarily a large city problem.

Chicago and its collar communities account for 86.7 percent of the total thefts in Illinois.

Detroit and its collar communities account for 81.0 percent of Michigan's total vehicle thefts.

New York City and its collar communities account for 80.5 percent of the state's total thefts.

Boston and its collar communities account for 63.0 percent of Massachusetts' vehicle thefts.

Los Angeles and its collar communities account for 49.6 percent of the total thefts in California. □

*Latest annual data available.

Thefts and Locations

In 1987, NATB agents participated in the investigation of 255 new theft ring cases. Ring activities continue to indicate the growing involvement of commercial criminals in vehicle crime.

NATB's special agents also participated in the investigation of 905 defendants who were charged with 1,495 offenses including larceny, auto theft and fraud.

Member insurers reported 365,646 vehicle thefts in 1987; an increase of 17,099 stolen vehicles over the prior year. During 1987, there were 278,054 stolen vehicles located, an increase of 25,457 stolen vehicles located over the previous year. The percentage of vehicles located increased from 63.79% in 1984, to 65.85% in 1985, to 72.47% in 1986, to 76.04% in 1987.

Ratio of Vehicles Stolen to Vehicles Registered
Motor Vehicle Registrations and Thefts, 1970-1986

Year	Motor Vehicle Registration*	Thefts*	Ratio of Vehicles Stolen/Registered
1970	111,259,529	921,400	1 in 121
1971	116,266,238	941,600	1 in 123
1972	122,421,440	881,000	1 in 139
1973	129,774,378	923,600	1 in 141
1974	134,904,676	973,800	1 in 139
1975	139,221,000	1,000,500	1 in 139
1976	143,538,495	957,600	1 in 150
1977	147,261,599	968,400	1 in 152
1978	153,636,672	991,611	1 in 155
1979	159,352,636	1,097,189	1 in 145
1980	159,402,100	1,114,651	1 in 143
1981	164,287,643	1,073,988	1 in 153
1982	165,253,288	1,048,310	1 in 158
1983	169,446,281	1,004,372	1 in 169
1984	171,977,492	1,032,165	1 in 167
1985	177,135,137	1,102,862	1 in 161
1986	181,453,661	1,224,137	1 in 148

*Includes motorcycles, trucks
Sources: Federal Bureau of Investigation
       Federal Highway Administration
       Alliance of American Insurers

Latest data available.

Locating Stolen Vehicles

| NATB Division	Vehicles Stolen		Vehicles Located		
	1987	% Change From 1986	1987	% Located 1987	% Located 1986
Eastern	132,633	+2.39	98,898	74.57	69.70
Pacific	57,449	+12.63	46,135	80.31	77.56
Southern	41,591	+13.58	30,845	74.16	68.95
Southwestern	51,143	+11.74	36,331	71.04	65.62
Western	82,830	−3.25	65,845	79.49	78.88
	365,646	+4.91	278,054	76.04	72.47

Introduction

efore there were many cars, there were car thieves. In the early years of auto crime, vehicle theft offered thieves an opportunity for high profit with relatively low risk. Stealing a vehicle was an easy task. Most automobiles did not incorporate locking devices or ignition switches or doors. The market for used vehicles was expanding and presented an environment in which criminals could readily dispose of stolen vehicles to unsuspecting, naive buyers. Title and vehicle theft laws were nonexistent. Vehicle theft was classified as grand or petit larceny.

Only a few manufacturers stamped automobiles with identification numbers and even if a vehicle had an identification number, a central repository for stolen vehicle information did not exist.

License plates were issued to insure tax collection for highway construction and improvements. A number of years would pass before registration records were developed sufficiently to determine vehicle ownership. Owners, therefore, usually identified a stolen vehicle by describing unique characteristics such as optional equipment, dents in fenders, or scratches in paint. Identification of a stolen vehicle was often difficult, if not impossible.

When a vehicle was stolen, the owner would report the theft to local law enforcement where, at best, the information was recorded in the department's log book. In the early days, law enforcement agencies did not have a standard procedure for exchanging unsolicited records. As a practice, they rarely communicated theft reports to other geographic regions. Therefore, after filing the stolen vehicle report with local police, insurers or vehicle owners would publish a reward offer for the recovery of the automobile. The amount of the rewards ranged from $25 to $500. The reward notice was frequently published on an 8" x 10" manila card and mailed to local law enforcement agencies. Mailing lists of law enforcement agencies were published by each state for this purpose.

A wooden print of the stolen vehicle model was stamped on the reward notice along with a complete description of the
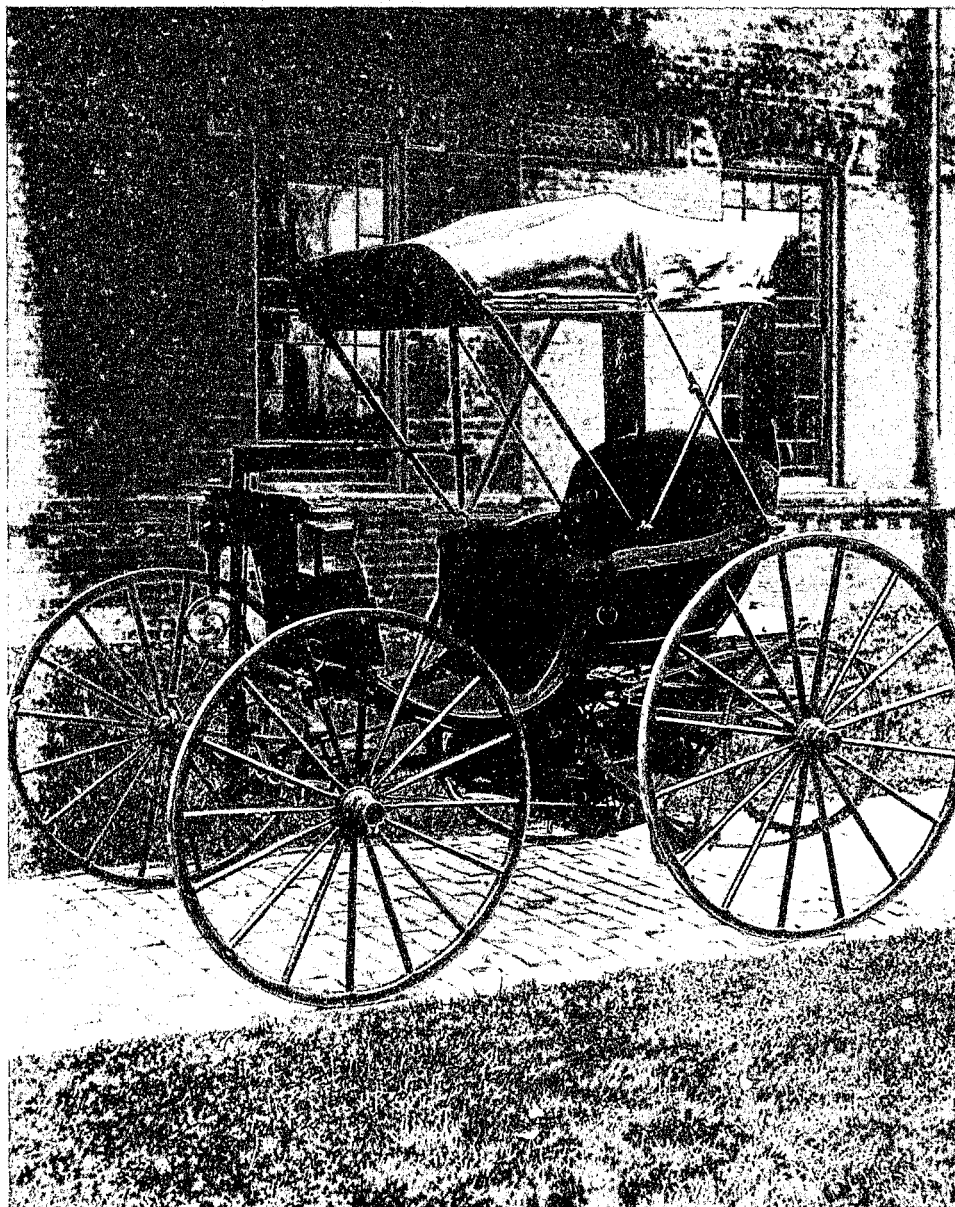

An 1893 Duryea, America's first gasoline engine powered motor vehicle.

vehicle—color, size of the tires, type of headlamps (prest-o-lite carbide, kerosene, oil burning,) etc. and whether the vehicle had a windshield. The print of the vehicle was made by obtaining a wood cut from a dealership of the particular line stolen. The wood cut normally was used to make prints of the vehicle for newspaper and magazine advertising purposes.

Since roads were in poor condition and early automobiles most often used chain drive, it was accepted as fact that an automobile could not travel far from the point of theft. As a result, reward cards were sent to law enforcement officers within a radius of only 150 miles of the point of theft. The cost of preparing and mailing reward cards for a single stolen vehicle was approximately $50—a considerable sum of money in 1912.□
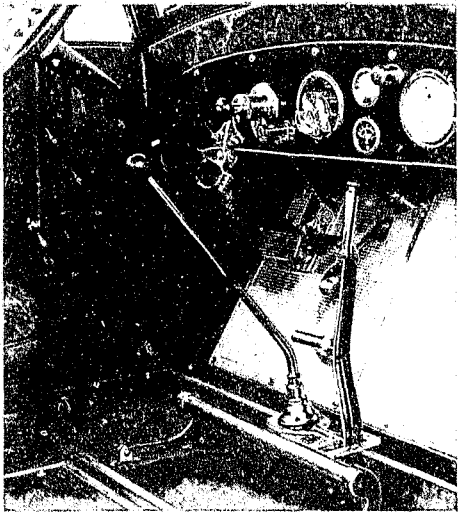
An early ignition locking device.
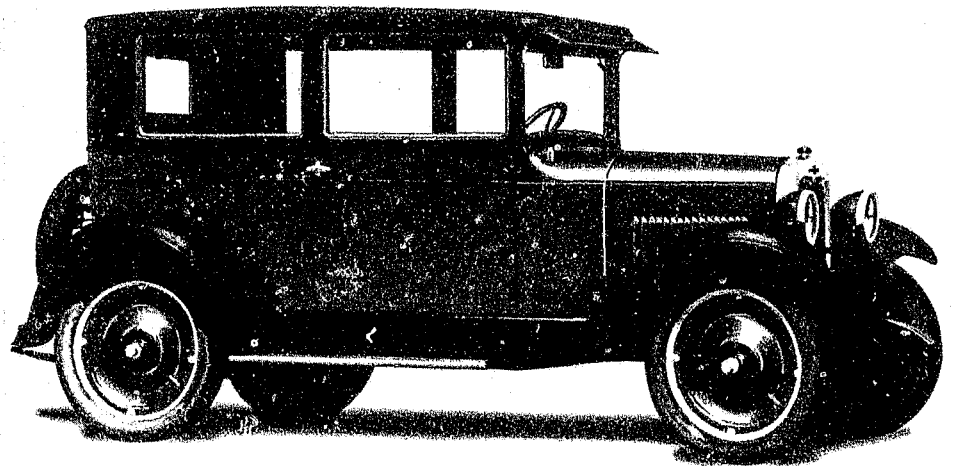
1927 Chevrolet was equipped with door locks as a theft deterrent device.

Highway construction early in the century.

NATB's Beginning

On a Monday morning in the summer of 1912, Fred J. Sauter, Chicago Office Manager for the Boston Insurance Company, was notified that an insured Chalmers five passenger automobile had been stolen. Sauter obtained a woodcut of the vehicle from the local Chalmers dealership and, with the support of his staff, prepared reward notices for mailing.

During this particular weekend, two other insured Chalmers automobiles had been stolen in Chicago. While Sauter's staff was preparing the reward cards, John Gallagher of the Aetna Insurance Company telephoned Sauter. Gallagher had been informed by the Chalmers dealership that Sauter was using the only woodcut of a Chalmers existent in Chicago. Gallagher re- quested that Sauter send him the woodcut after the Boston Insurance Company reward notice was completed. Later the same morning, Frank Meinel of the London and Lancashire Insurance Company telephoned Sauter's office to say he wanted the woodcut Sauter was using. According to Sauter's recollections, "The thought immediately struck me that it would be in the interest of economy as well as efficiency if we could include all three Chalmers cars in one bulletin." Gallagher and Meinel agreed to send Sauter a description of the stolen cars and Sauter mailed the reward cards listing all three companies' losses. The reduced cost of preparing and mailing was shared by the three companies.

Sauter, Gallagher, and Meinel were pleased with the results. From this successful consolidation of effort, they en-

Fred J. Sauter

Employees of Fred J. Sauter, Inc. Automobile Protective and Information Bureau, 1912. NATB's first office.

1910—Changing Times on the city street.

Climbing the hill in spite of poor road conditions.

visioned the need for an organization which would be a clearinghouse for vehicle theft loss information serving law enforcement and insurers. Whenever possible, Sauter, Gallagher, and Meinel continued to combine their efforts and share expenses for reporting their companies' losses.

On February 11, 1913, representatives of 11 companies writing automobile insurance in Chicago met to review the successes Sauter, Gallagher, and Meinel had experienced. The meeting resulted in the formation of what is now the Western Division of the National Automobile Theft Bureau (NATB). The Western Division was originally established under the name of the Automobile Protective and Information Bureau (APIB). John Gallagher was elected President and Fred J. Sauter was elected Secretary. The Bureau had no paid employees and Sauter's staff continued to prepare and mail the reward notices to law enforcement officials.

The Dyer Act

By 1919, motor vehicles were capable of traveling greater distances as the result of improved mechanical design and better highways. Criminals, with increasing frequency, drove stolen vehicles across state lines to lessen the chances of the vehicles being identified as stolen.

An NATB manager came up with the idea of a fixed penalty for the crime of transporting stolen motor vehicles across state lines. He cooperated with Congressman Leonidas Dyer (Missouri) who eventually sponsored the "National Motor Vehicle Theft Act", also known as the Dyer Act. The Dyer Act was enacted into law on October 29, 1919.

Missouri Congressman Leonidas Dyer.

Soon enforcement complications developed. There was confusion among the law enforcement community over jurisdiction and venue. The question: Should an auto thief be prosecuted at the point where the car was stolen or at the point where the thief was apprehended?

In 1921, Harry Daugherty was appointed U.S. Attorney General. Soon after Bureau officials went to Washington and met with Bureau of Investigation (later Federal Bureau of Investigation) Director William J. Burns, Bureau of Investigation Assistant Director J. Edgar Hoover and Assistant Attorney General Jess Smith. As a result of a two day conference, the Attorney General's office issued a directive for prosecution to occur at the point of apprehension of a vehicle thief. This meeting marked the beginning of successful use of the Dyer Act to prosecute automobile thieves. It also marked the beginning of NATB's long, cooperative relationship with the Federal Bureau of Investigation and the Department of Justice.

The Birth of the Automobile Title

NATB manager E. L. Rickards credits Inspector L. H. Parker of the Detroit Police Department with developing the concept of a certificate of title for motor vehicles. According to Rickards, "I was in his (Parker's) office one day and he stated that in his opinion it would be a good idea if a law could be passed providing for a certificate of title for an automobile, the same as for a piece of real estate." By 1921, thieves were using fraudulent documents to sell stolen cars. The certificate of title would serve as a means to identify ownership of a motor vehicle and provide a record of that information on a state-wide basis.

Seventy thousand copies of this APIB grille badge were distributed.

NATB personnel worked with attorneys to develop a model title law. The bill was presented to the Indiana legislature in 1921, was enacted and served as a model for legislators in other states.

STATE OF INDIANA
SECRETARY OF STATE
TITLE NUMBER 773518
AUTOMOBILE LICENSE DEPARTMENT

CERTIFICATE OF TITLE
OF MOTOR VEHICLE OR MOTORCYCLE

I, Ed Jackson, Secretary of State of the State of Indiana, do hereby certify, pursuant to the provisions of Chapter 265 of the Acts of the General Assembly of Indiana, passed at the session of 1921, that an application has been filed in this office, as by said Act prescribed, for a certificate of title of a motor vehicle or motorcycle as follows:

An early example of an Indiana Certificate of Title.

Salvage Yard 1950.

Insurers Report the Sale of Salvage Vehicles

In the late 1930's an increase in collision and arson losses resulted in large numbers of wrecked or burned vehicles becoming available on the "salvage" market.

Criminals often purchased salvage vehicles and used the documents describing the salvage to obtain insurance protection. The value listed on the policy was far more than the actual value of the salvage. Later the insured salvage vehicle was reported stolen and the criminals filed fradulent claims.

In 1940, insurance companies began to report the sale of salvage vehicles to NATB in order to help control salvage fraud. If an insured was attempting to obtain a theft settlement for a recent total loss salvage, the fraud capabilities of NATB's record system matched the alleged theft loss with the previous salvage report.


World War II Salvage.

Electronic Communications

The rapid growth of telegraph and telephone systems during the late nineteenth century improved America's communications. By the early 1900's, areas that had taken days or weeks to reach by United States Mail were now reached electronically in a matter of minutes.

Since its inception, the National Automobile Theft Bureau has utilized electronic communications in the collection and dissemination of vehicle theft information. In the early years law enforcement officials had access to the Bureau's stolen vehicle file via telephone or telegraph. Use of electronic communications sped transactions, but the time involved to complete the collection and dissemination process was still substantial.

Improved mobility of vehicles soon required loss information to be distributed into broader geographic areas. To decrease theft record transmission time, the Bureau stopped typing bulletins and developed machine printed 3 x 5 alarm cards.
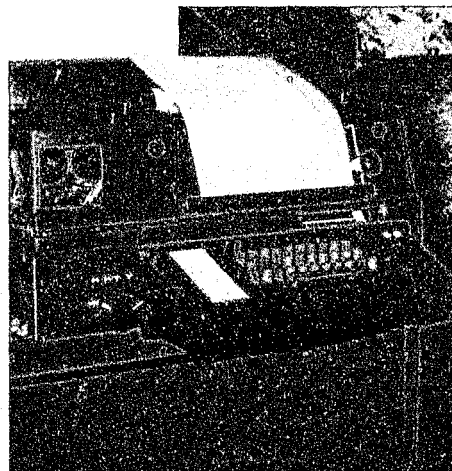
Early Teletype Machine.

These were prepared faster than typewritten bulletins.

Each Division retained card files on losses that occurred within their territory. Record inquiries between the Divisions were exchanged via telegraph services. A system called "data compression" was used, which reduced telegraph costs by not including blank spaces in the messages.

In 1927, the teletypewriter was first utilized by law enforcement in Connecticut. The teletypewriter greatly improved the speed of record transmissions. Two years later, the first statewide teletype network was implemented by the Pennsylvania State Police. Soon after, local law enforcement teletype networks began to emerge.

The local networks expanded and by 1963, several multistate teletype networks were operational. At first, the systems were developed in a piecemeal fashion and without equipment or format standardization. Inter-system information exchanges continued to be slow and difficult to transact. In 1965, law enforcement representatives began development of a national interstate communications system to correct these deficiencies.

This effort produced the Law Enforcement Teletype System (LETS). The LETS message switching system became operational on May 2, 1966 and operated 24 hours-a-day, seven days-a-week. To allow LETS users access to Bureau files after normal business hours, NATB's Western Division office hours were expanded.

LETS improved the electronic exchanging of vehicle registration and driver's license records. It utilized punched paper tape that was transmitted by Western Union teletype machines. The system had a limited number of lines and users were required to bid for line access. When a network line was made available, the user's message tape was transmitted at a speed of 100 words per minute. LETS switching equipment was housed and operated by the Arizona Highway Patrol at Phoenix.

Shortly before LETS became operational, the Federal Bureau of Investigation and the Uniform Records Committee of the International Association of Chiefs of Police began planning a computerized record storage system. Commenting on the proposal, NATB President Michael Murphy said, "The aim of the system is to eliminate the advantage that mobility offers the modern criminal."

The system became operational in just over a year, in January, 1967. The National Crime Information Center (NCIC) provided law enforcement with a computerized index of vital records which could be rapidly exchanged. The system became operational in January of 1967. From the start, two IBM 360 model 40 computers functioned 24 hours-a-day, seven-days-a-week. The system was designed to provide law enforcement agencies across the nation with current and uninterrupted crime data. FBI Director J. Edgar Hoover described the system as "...a potent weapon for law enforcement, a weapon which has proved to be a real breakthrough in fighting crime."

One of the challenges presented to planners of the system was determining how the many types of computers were to "talk" to one another. Hoover stated, "We met the challenge by accepting responsibility for standardizing message formats." The designers established uniform record formats, codes, and operating procedures.

Another challenge was developing a computerized data base of vehicle theft records for the NCIC system. The FBI requested a copy of NATB's stolen vehicle file in IBM machine readable form. This request required the conversion of NATB's central files, at
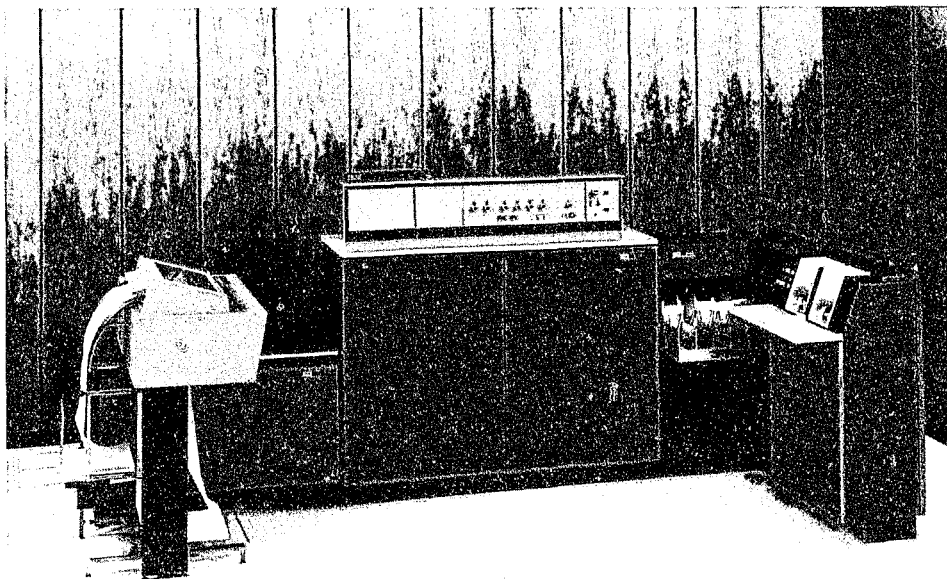
NATB's first IBM computer had 8 kilobytes of random access memory, and performed file maintenance.

Chicago, from 3" x 5" cards to IBM 80 column cards. This conversion was a major task. Its completion was a pivotal factor in providing the stolen vehicle data base for the new NCIC system.

On the 75th Anniversary of NATB, Bureau President Paul Gilliland reflected on the need for computerization of Bureau records during the late 1960's. According to Gilliland, "We needed to become more efficient. As the frequency of stolen vehicles increased, it became obvious that we could not hire enough people to maintain the card files. It appeared that computerization would be the only answer for NATB."

NATB's transition from a manual filing system to a computerized filing system soon began. An IBM 360 model 20, the Bureau's first computer system, became operational on May 1, 1970. The system possessed 8,000 bytes (8K) of memory and could perform limited functions. The machine maintained the computerized stolen vehicle file. In addition, acknowledgement letters were generated upon the receipt of theft reports. A follow-up report was prepared quarterly by the computer to check the status of theft reports currently on file.

In 1972, NATB established the National Systems Division. The Bureau's computerized filing system further im-

proved when magnetic tape was added to the mainframe. The system's magnetic tape units enabled NATB to exchange data more efficiently with various law enforcement and motor vehicle registry indices. The change to magnetic tape was necessitated by the fact that as the number of records grew, the voluminous file of computer cards could no longer be processed efficiently.

The Bureau's computer system was further developed with the installation of an IBM 370 computer in December, 1973. Named the North American Theft Information System (NATIS), the new computer system allowed the divisions to communicate electronically with each other via cathode ray tubes (CRT's). The CRT's permitted rapid access to the central files which were now stored in the computer. Message switching capabilities enabled NATB Divisions to exchange information within seconds.

Over the years, the Bureau continued to modernize and expand its operations, including implementing electronic reporting in 1985. Currently, the Bureau is preparing for a major expansion of its on-line data base.

NATB President Paul Gilliland has noted that, "The destiny of society today is already irrevocably associated with growth and use of scientific
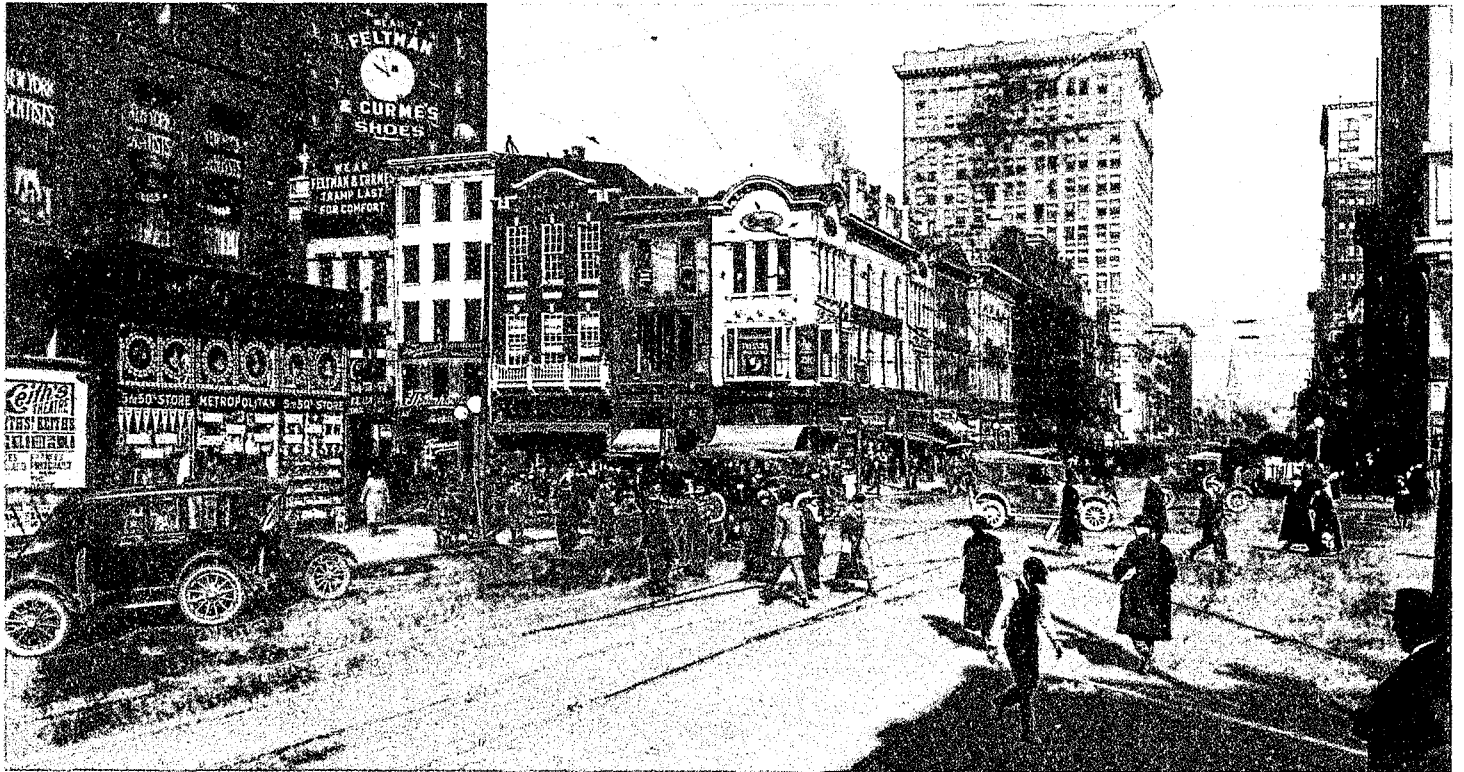
knowledge. During our anniversary year we have progressed in our electronic interchange of reports and information with member companies, so that approximately 52% of the Bureau's theft reports are currently received via electronic medium. With the continued expansion and development of this system, the potential of timely exchange of information, vital to the identification and location of stolen vehicles and the detection and stabilization of fraud, will have been accomplished. As the professional criminal becomes more sophisticated in his activities, so must those who counter these activities on a day to day basis.

"NATB's North American Theft Information System's continued expansion will provide fundamental and necessary counter-measures to address vehicle crime. The establishment of an on-line data base where the manufacture of a vehicle is verified and all claim history (including comprehensive, collision, liability, and associated homeowner claims) is placed in a centralized data base and is tracked throughout its insured life, is critical to the establishment of meaningful proficient counter-measures. This type of

data base becomes more efficient through its completeness, thus providing insurers and law enforcement with significant working tools on which to base theft and fraud countermeasures."

"With 176 million vehicles registered, it would be difficult for the insurance industry and law enforcement to monitor

and control theft and fraud conditions without a highly sophisticated record-keeping system. NATB's constitution mandates the Bureau to continue to "maintain a modern, proficient record system", and we will continue to provide towards this end.

"In analyzing the problems that face us today, we must pause for a moment and recognize the forethought and understanding exhibited by those individuals who 75 years ago realized the potential of the Bureau and aggressively proceeded with its development. Their actions have culminated in the organization we know today, with a voluntary membership of approximately 660 major property-casualty insurers."

"We would be remiss if we did not recognize the loyalty and professionalism of our former and present employees. We are grateful, too, for the cooperation of our associates in law enforcement. And, we thank those in the insurance industry who give their time to serve on Advisory Committees and on the Bureau's Board of Governors. The concern and effort contributed by so many people have resulted in making NATB a viable organization on its 75th birthday." □

NATB Expands Data Base

PALOS HILLS, IL—NATB's National Systems Division is preparing for a major expansion of its on-line data base.

Currently, the Bureau maintains approximately 4.1 million on-line records containing data on thefts, locations, salvage, impounds, police inquiries, etc.

In 1988, NATB will add new on-line information including data on exported vehicles, imported vehicles, manufacturers' shipping and assembly records, purged records and a vehicle claim index.

After the vehicle claim index is complete an insurance company submitting a theft report could receive a response, including a summary of all records on file pertaining to the vehicle.

In order to handle the file growth NATB will be installing new computers and disk drives during the second quarter of 1988. The new equipment will facilitate rapid access of on-line files and speed exchange of information.

The Bureau also will be expanding the size of its computer facilities and will be completely redesigning all existing software applications, to take advantage of current technology.

The Bureau's on-line data base will expand from 4 million to 100 million records. The expansion is part of NATB's continuing efforts to provide insurers with vital information, by using the most efficient, refined communications technology available.

Moreover, NATB maintains over 8.7 million off-line records as part of its North American Theft Information System. This means that over 12.8 million records can be searched in order to help investigate vehicle crime.

When a theft report is entered into NATB's data system, the report is immediately checked for records of previous theft, previous recovery, salvage, impoundment, derelict towing (in the State of New York) and police inquiries.

At the same time, all reports are automatically edited to determine the accuracy of the vehicle identification number (VIN).

In addition, the Bureau maintains over 237 million manufacturers' records of vehicle assembly and shipping. The manufacturers' records contain the correct vehicle identification number assigned to the vehicle by the manufacturer and the name and address of the dealer to whom it was originally shipped. These records are helpful in uncovering insurance and financial fraud where an attempt is made either to insure or to finance a "phantom vehicle"—a vehicle which has not been produced by a manufacturer.
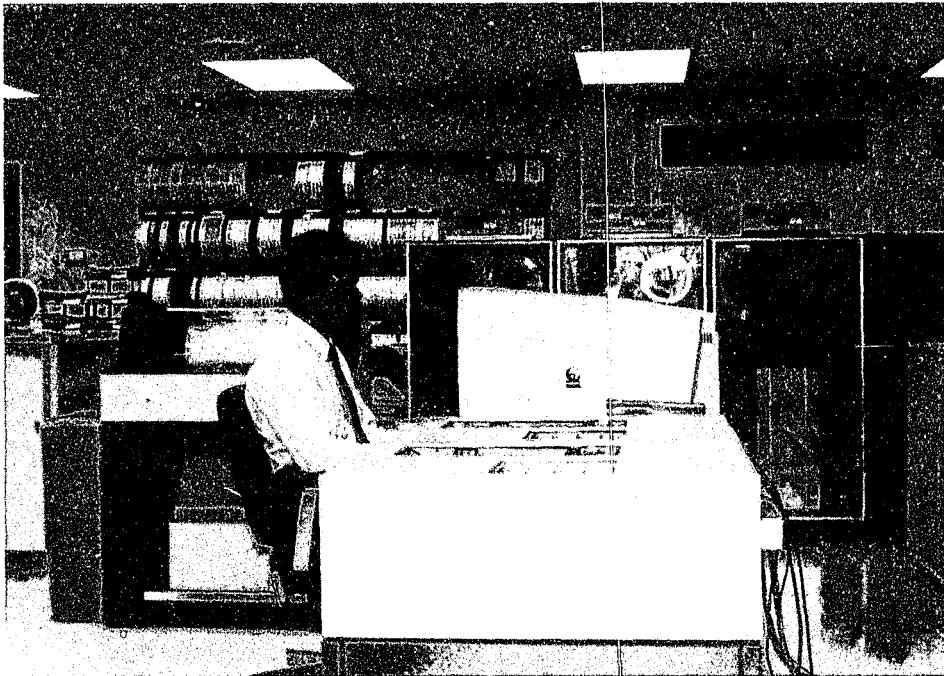
These records are also of vital assistance to law enforcement when a vehicle has been recovered where no theft report can be located and there is no indication of ownership or the vehicle's state of registration.

One use of NATB's data base as an investigative tool is a suspect vehicle
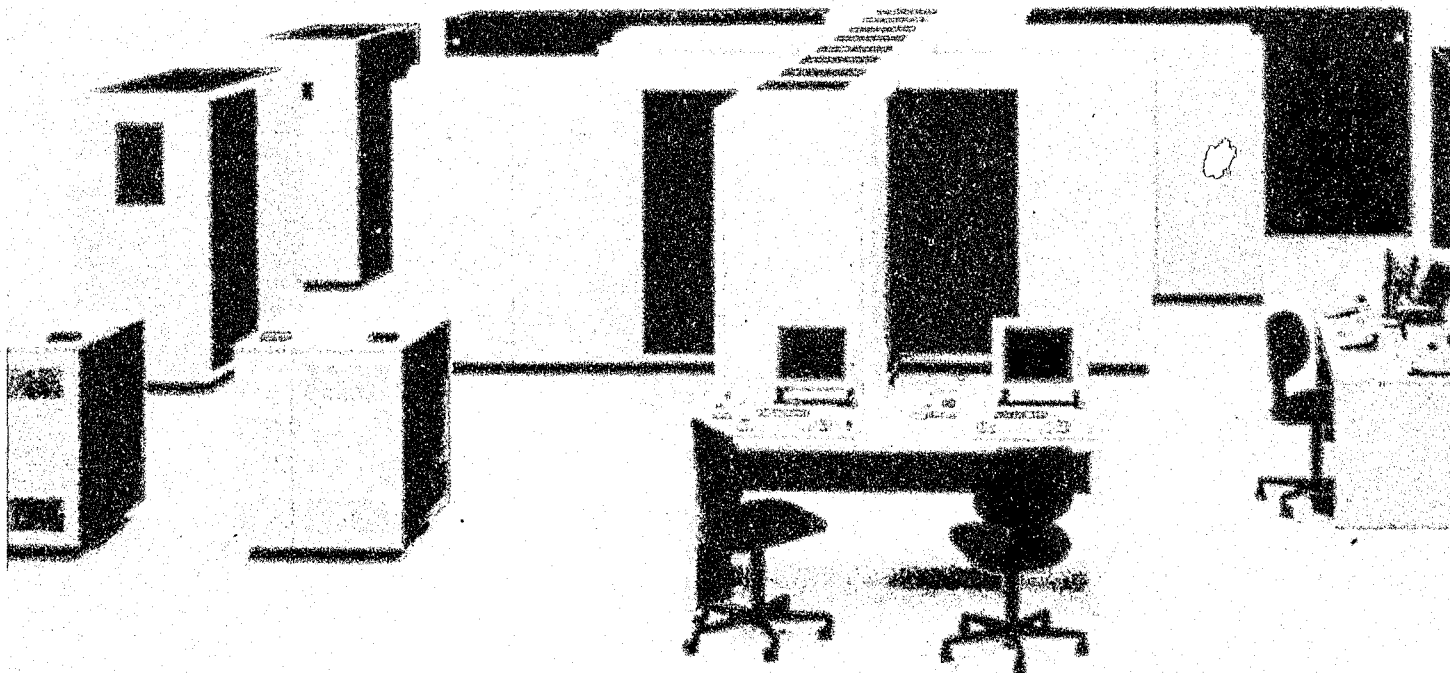
The new NATB Mainframe.

record search The Bureau's field investigators, with limited information such as vehicle make, model, year, color, and even partial vehicle identification numbers (VINs), can search NATB's 12.8 million records to develop reports on investigative leads or "suspect" vehicles. Law enforcement personnel working with local NATB investigators can receive beneficial assistance from this program.

Both insurers and law enforcement agencies benefit from the expansion of NATB's North American Theft Information System. As the number of records reported through NATIS increases, NATB's data base becomes more efficient and effective as a deterrent to theft and fraud.

During 1986, NATB's National Systems Division has gradually increased the number of daily records being electronically processed. Currently, 53% of thefts and salvage are reported electronically, with an additional commitment of 20%. This leaves 27% uncommitted.

The advantages realized by using electronic data exchange are:

- Enhanced communication between NATB and the insurers.
- Speedier identification of stolen vehicles and improved response time on notification of recoveries.
- Improved accuracy of records
- Reduced costs.

Insurers have three choices when they communicate with NATB. These choices are:

1. Computer-to-computer interfacing using the IBM Information Network (IIN). When insurers select this path, they either purchase or develop their own software to interface with IIN or develop the software necessary to provide the data to NATB in a specific format
2. Insurers may choose to use personal computers and modems (IBM compatibles). NATB provides the necessary software. Insurers would enter data into the personal computers and then dial up the IBM Information Network to transmit the data to the National Automobile Theft Bureau.
3. Finally, some insurers may continue to mail the forms to NATB just as they have always done.

NATB encourages consideration of alternatives one or two, depending upon a company's communications environment.

Rapid exchange of information is very important in vehicle crime investigations, since it is not unusual for vehicles to be stolen and then transported vast distances in short periods of time. In today's society, swift exchange of information is critical to successful vehicle theft controls.

Prompt response to requests for information is an important NATB service for insurers and for law enforcement.

For more information on electronic reporting, contact the Executive Office at (312) 430-2430.

17
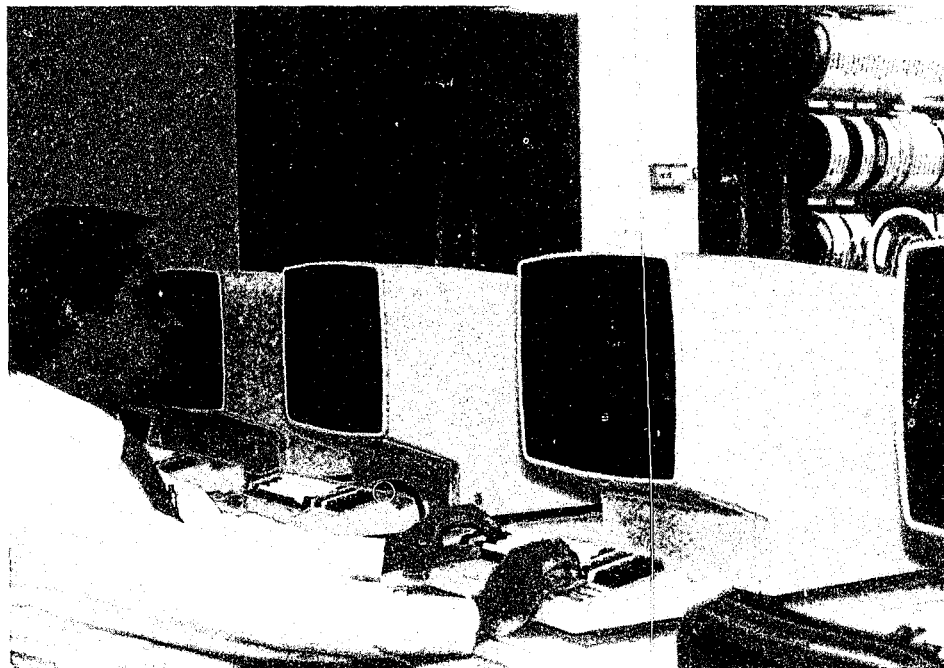
Motor Vehicle Theft Law Enforcement Act of 1984 (HR 6257)

After six years of deliberation and debate, the United States passed the Motor Vehicle Theft Law Enforcement Act. It was signed into law by President Reagan on October 25, 1984.

The purpose of the Act is:

- To provide for the identification of certain motor vehicles and their replacement parts to impede motor vehicle theft;
- To augment the Federal criminal penalties imposed upon persons trafficking in stolen motor vehicles;
- To encourage decreases in premiums charged consumers for motor vehicle theft insurance;
- To reduce opportunities for exporting or importing stolen motor vehicles and off-highway mobile equipment.

The Act provides for additional permanent numbers to be placed on up to 14 major parts of certain car lines.

The Standard applies to both major parts of selected new car lines which have been designated as high theft lines, and replacement parts for those lines. Parts to be numbered include:

- — Engine
- — Transmission
- — All Doors
- — Hood
- — Bumpers (Front and Rear)
- — Front Fenders (Left and Right)
- — Deck Lid
- — Rear Quarter Panels
  (Left and Right)

These are the major parts which are normally found to be most desirable in a chop shop type of operation.

Generally, the numbers are required either to be inscribed or to appear on labels. The labels must self-destruct if they are removed. At the same time, if the labels are completely removed they must leave a footprint which is visible by using certain investigative techniques. New replacement parts must be identified by the manufacturers.

No more than 14 production lines of any one manufacturer will be selected. The cost incurred by each manufacturer for compliance cannot exceed $15 per vehicle. Cost for identifying engines and transmissions is excluded from this $15 cost cap. The chart on "Vehicle Marking" lists 1988 model passenger car lines subject to the mandatory marking requirements of the Standard.

Manufacturers equipping cars with anti-theft devices may petition the Secretary of Transportation for an exemption from inscribing or affixing numbers or symbols on major parts of new automobiles. This is called the "Black Box Exemption." To obtain an exemption, the Secretary must determine that the manufacturer's anti-theft device is likely to be as effective in reducing and deterring motor vehicle theft as would their compliance with requirements of the standard.

Motor Vehicle Theft Law Enforcement Act: Vehicle Marking

WASHINGTON, DC — NHTSA (National Highway Traffic Safety Administration) has issued its final listing of 1988 model passenger car lines that will be subject to the mandatory marking requirements of the Motor Vehicle Theft Prevention Standard.

Passenger car lines (1988) that are subject to the marking requirements are:

ALFA ROMEO	FORD	HONDA	MITSUBISHI
Milano 161	Ford Mustang	Acura Legend	Cordia
BMW	Ford Thunderbird	JAGUAR	Tredia
3 — Car line	Mercury Capri	XJ	
5 — Car line	Mercury Cougar	XJ-6	PORSCHE
6 — Car line	Lincoln Continental	XJ-40	911
7 — Car line	Lincoln Mark	MASERATI	924S
CHRYSLER	Lincoln Town Car	Biturbo	928
Chrysler Executive	Merkur Scorpio	Quattroporte	RELIANT
Sedan Limousine	Merkur XR4Ti	MAZDA	SS1
Chrysler Fifth	GENERAL MOTORS	GLC	SAAB
Avenue/Newport	Buick Electra	626	900
Chrysler Laser	Buick LeSabre	MX6	9000
Chrysler LeBaron/Town & Country	Buick Regal	MERCEDES-BENZ	SUBARU
Chrysler LeBaron GTS	Buick Riviera	190 D/E	XT
Dodge Aries	Cadillac DeVille	260 E	
Dodge Daytona	Cadillac Eldorado	300 CE	TOYOTA
Dodge Diplomat	Cadillac Seville	300 D/E	Camry
Dodge Lancer	Chevrolet Camaro	300 SE	Celica
Dodge 600	Chevrolet Nova	300 TD	Corolla/Corolla Sport
Plymouth Caravelle	Oldsmobile Cutlass Supreme	300 SDL	MR2
Plymouth Gran Fury	Oldsmobile Delta 88	300 SEL	Starlet
Plymouth Reliant	Oldsmobile 98	380 SEC/500 SEC	VOLKSWAGEN
"Q" Car	Oldsmobile Toronado	380 SEL/500 SEL	Audi Quattro
FERRARI	Pontiac Bonneville	380 SL	Volkswagen Cabriolet
Mondial 8	Pontiac Fiero	420 SEL	Volkswagen Rabbit
308	Pontiac Firebird	560 SEL	Volkswagen Scirocco
328	Pontiac Grand Prix	560 SEC	
		560 SL	SOURCES: NHTSA/NATB

NHTSA has added seven car lines to the 1988 list. They are Buick Regal, Oldsmobile Cutlass Supreme, Pontiac Grand Prix, Mazda MX6, Mercedes-Benz 300CE, Mercedes-Benz 300SE and Mercedes-Benz 300SEL.

EXEMPTIONS

The following passenger car lines are exempt from the marking requirements:

EXEMPT ONLY FOR 1987 MODEL PASSENGER CAR LINES:
Alfa Romeo Milano 161
Porsche 924S

EXEMPT ONLY FOR 1988 MODEL PASSENGER CAR LINES:
BMW 7-Car line
Mazda 929

EXEMPT FOR 1987 and 1988 MODEL PASSENGER CAR LINES:

Austin Rover Sterling	Isuzu Impulse	Nissan 300 ZX
Chrysler Dodge Conquest	Mazda RX7	Toyota Supra
Chrysler Plymouth Conquest	Mitsubishi Galant	Toyota Cressida
General Motors Cadillac Allante	Mitsubishi Starion	Volkswagen Audi 5000S
General Motors Chevrolet Corvette	Nissan Maxima	

Manufacturers are required to maintain records which demonstrate compliance. The manufacturer must furnish a certification to first purchasers stating that the vehicles conform to the theft prevention standard.

Anti-fencing measures provided by the Federal Act deal with various problems. The laws were designed to address and impede the various methods of operation that were in prevalent use.

One section states, "Whoever knowingly removes, obliterates, tampers with or alters an identification number for a motor vehicle, or a motor vehicle part, shall be fined not more than $10,000 or imprisoned for not more than five years, or both."

A second section reads, "Whoever buys, sells, receives, possesses or obtains control of, with intent to sell or otherwise dispose of, a motor vehicle or motor vehicle part, knowing that an identification number for such motor vehicle or part has been removed, obliterated, tampered with or altered, shall be fined not more than $20,000 or imprisoned for not more than ten years, or both." It should be noted that since the criminal provisions were enacted by the U.S. Congress, legislators have increased the fines for both sections to $250,000 for an individual and to $500,000 for a person other than an individual — such as a corporation.

Insurer Reporting

Insurers, or their designated agents, will inform the Secretary of Transportation of vehicle theft and recovery data and rating data used to establish insurance premiums for motor vehicles. In addition, companies shall report actions taken to reduce premiums, including changes in rate levels for automobile comprehensive coverage, due to a reduction in thefts of motor vehicles. Moreover, companies shall report actions taken to assist in determining or reducing thefts of motor vehicles. This information shall be provided annually, beginning two years after the date of enactment of Title I of the Act.

The Secretary of Transportation shall, by rule, exempt *"small insurers"* if the Secretary finds that such exemp-

tion will not significantly affect the validity or usefulness of the information collected and compiled under Title I, nationally or state-by-state. In addition, the Secretary may exempt any insurer because (a) the cost of preparing and furnishing reports and information is excessive in relation to the size of the business of the insured and (b) such reports and information will not significantly contribute to fulfilling the purposes of Title I.

The term "small insurer" means any insurer whose premium for motor vehicle insurance directly, or through any affiliate, (including any pooling arrangement established under State law or regulation for the issuance of motor vehicle insurance), accounts for less than 1% of the total premiums for all forms of motor vehicle insurance issued by insurers within the United States.

The term "small insurer" shall not include any insurer whose premiums for motor vehicle insurance issued directly, or through any affiliate (including any pooling arrangement established under State law or regulation for the issuance of motor vehicle insurance), account for 10% or more of the total premiums for all forms of motor vehicle insurance issued by insurers within such State.

Designated Agents

Insurance companies required to make reports may designate an agent or agents to submit the report, or portions of it, on their behalf. In this regard NATB is prepared to compile and

file with NHTSA *theft* and *recovery* information for member companies that have designated NATB as their reporting agent. NATB will not be filing rating or underwriting information. This information should be filed directly with NHTSA by companies concerned, or by designation of an agent or agents other than NATB.

Reporting for 1988

The next report, covering calendar year 1987, will be due October 25, 1988. NHTSA determined that the following companies report:

1988

State Farm	GEICO
Allstate	AIG
Farmers	CIGNA
Nationwide	Continental
Aetna	Fireman's Fund
Travelers	CNA
Liberty Mutual	California State Auto
Hartford	American Family
USAA	Progressive Group
USAF & G	Crum & Forster

State

Alabama	Alabama Farm Bureau
Hawaii	Island Insurance
Kentucky	Kentucky Farm Bureau
Maine	Commercial Union
Michigan	Auto Club Michigan
Mississippi	Southern Farm Bureau
Rhode Island	AMICA

NOTE:

1988 reports are based on 1986 market share and reflect 1987 activity.

Please contact NATB's Executive Office, at (312) 430-2430, if further information is desired. □

CARS WITH HIGHEST THEFT RATE

Thefts Per 1,000 Cars

Make/Model Line	Manufactured—1985, 1984, 1983
Buick Riviera	15.6269
Pontiac Firebird	14.7487
Celica Supra	13.5919
Chevrolet Camaro	13.0783
Cadillac Eldorado	13.0698
Mazda RX-7	13.0518
Chevrolet Monte Carlo	11.1898
Pontiac Grand Prix	11.1357
Buick Regal	10.5910
Oldsmobile Cutlass	10.1220

NOTE: Chevrolet Corvette had a theft rate of 13.3883. However, models were only produced in 1984 and 1985. No models were produced during calendar year 1983.

Data is based upon car thefts during individual calendar year, for vehicles having the same model year.

SOURCES: National Highway Traffic Safety Administration, National Crime Information Center, Motor Vehicle Manufacturers Association, National Automobile Theft Bureau

Stolen Vehicles Exported

According to those closely associated with the problem, thousands of stolen vehicles are exported out of the United States each year. The exact number is unknown because under present conditions (January, 1988), vehicles exported from the United States are listed only in a shipper's export declaration of a ship's manifest— if they are listed at all. Exported vehicles either are not identified or are not adequately identified in export documents.

There is no requirement that the export document be filed with Customs prior to shipment. Instead, a shipper has up to 72 hours after the vessel has sailed to report to U.S. Customs that a vehicle, in fact, has been exported. Under the current system, Customs does not have the necessary tools to control stolen vehicles leaving the country.
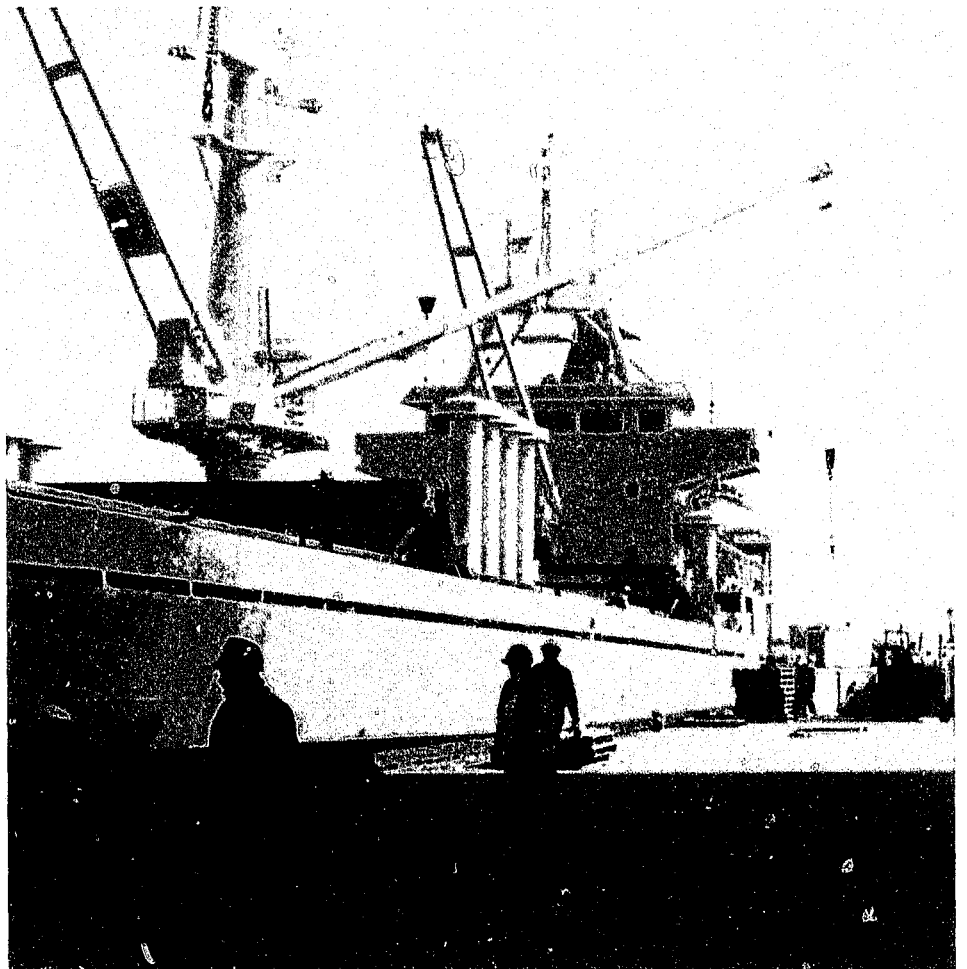
Another aspect of the export problem is the use of containerized shipment. When vehicles are placed in containers and seals are affixed they become items of interstate commerce. Officials often feel they cannot break the seal without "probable cause." Thus the vehicle inside is not inspected prior to shipment.

Containers can be loaded virtually any place in the United States and then delivered to a port for loading. Customs faces a sizable challenge with limited resources.

Professional criminals take full advantage of this fact and frequently use the medium of a pre-loaded container to export stolen vehicles. Declarations accompanying these shipments often contain fictitious names, addresses and descriptions of the contents of the containers.

Authorities testified in Congressional hearings that once a stolen vehicle reaches a foreign country and is sold in that country there is no reliable way for the owner to recover the vehicle.

A section of the Motor Vehicle Theft Law Enforcement Act of 1984 addresses the export problem. On March 17, 1987, Customs promulgated a proposed rule stating that any person attempting to export a used self-propelled vehicle will present to U.S. Customs:

- The vehicle;
- A document describing the vehicle;
- Two facsimiles of the document (The document must prove ownership).

The document would be:
- An original certificate of title or;
- A memorandum of ownership or;
- A certificate of right of possession or;
- Any other document sufficient to prove lawful ownership.

The proposal states that:
- Customs authenticate both facsimile documents;
- One facsimile document remain in possession of the exporter;
- The other facsimile document is collected by Customs and sent to the National Automobile Theft Bureau on the same day. The National Automobile Theft Bureau has proposed to keep a file of exported vehicles so that if a theft report is subsequently filed, the export record and the theft record will match and authorities will be able to initiate appropriate investigations.

At the same time U.S. Customs promulgated the proposed rule, they requested comments. The established closing date for comments was May 18, 1987.

Seven months passed without a public announcement of progress. In late January, 1988, the Treasury Department announced that U.S. Customs had suspended rulemaking and was redrafting a proposed rule based on comments received.

NATB continues to recommend that a major initial action the United States could take to combat exportation of stolen vehicles would be to require that the vehicles be fully and accurately described in export documents and that the vehicle, the export document, and reliable documentation describing the vehicle (such as a title or registration) be submitted to U.S. Customs prior to loading or exporting.

The Bureau emphasizes that all other action depends upon the adoption of this procedure. There simply cannot be any effective program or export control without vehicle identification inspections or verification.

The Bureau recommends, therefore, that action be taken as soon as possible in the promulgation of a final regulation which would include the key procedures recommended by those concerned with the control of export crime. □

Stolen Vehicles Imported

The following scenario is common when a stolen vehicle is imported into the U.S. A luxury late-model vehicle is stolen in a foreign country. The stolen vehicle is imported under fraudulent conditions. Its identity is disguised with a false registration number, or the criminal falsifies facts of entry. The import documents are used to create title once the vehicle arrives in the United States. Finally, the vehicle is sold within the United States.

Vehicle theft investigators report that the number of stolen vehicles being imported appears to be on the increase. It's important to note that vehicles stolen in other countries can be easily imported into the United States. One problem with imports is that there is no single data processing system against which identification numbers from imported vehicles can be checked.

Most of the focus on the import problem has been concerned with the issues of emission controls and safety equipment standards. There has been little, if any, general concern over the introduction of stolen vehicles into this country's commerce.

The Motor Vehicle Theft Law Enforcement Act of 1984 makes it illegal to import stolen vehicles and gives U.S. Customs officials special authority to enforce the law. Title III of the Act provides for a fine of up to $15,000 and/or imprisonment for up to five years for any person who knowingly imports or attempts to import a stolen vehicle, or has the knowledge that the vehicle's identification has been removed or altered. Imported off-highway mobile equipment is also included in this section of the Act.
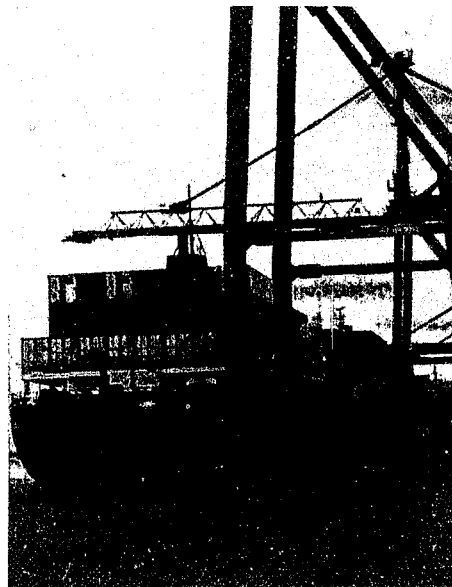
Reports from vehicle theft investigators are encouraging in that they indicate that Customs has used the authority granted under Title III to seize some vehicles which are being imported into the United States. □

Checking commercial vehicles exiting Mexico at Otay Crossing.

Stolen Vehicles Transported South of the Border

It's estimated that each year as many as 20,000 stolen or embezzled automobiles, trucks, buses, motorcycles and off-road machines are transported into Mexico.

This aspect of the vehicle theft problem is serious due to the fact that at most border crossings there are no effective controls.

Further, a high demand for U.S. vehicles exists. Vehicles manufactured in Mexico generally are less opulent than their American built counterparts. The Mexican government also maintains certain vehicle importation prohibitions even though the vehicles are very popular. Consequently, U.S. vehicles can sell for much more in Mexico than they do in the United States.

Central America is another popular market for stolen U.S. vehicles. Thieves transport the stolen vehicles through Mexico to such countries as Guatemala, Honduras, and El Salvador. Investigators report that many U.S. vehicles are entering these countries overland by way of Mexico. (Currently NATB is attempting to discuss the problem with Guatemalan authorities in hope that discussions may lead to a treaty arrangement similar to that between the U.S. and Mexico.)

Vehicle theft remains a serious problem south of the border because Mexican authorities are limited in their investigative capabilities by the following shortcomings:

- There is no central registry for vehicles in the Republic of Mexico.
- Vehicle registration information is available only when you have a registration number and know which state issued the registration.
- All registration filings are manual in nature.
- There is no Mexican or international stolen property file similar to those available to law enforcement authorities in the United States and Canada.
- There is no exchange of stolen vehicle information on an international level between the United States and Mexico.

Authorities have, however, established a three-way effort to control vehicle crime. The Mexican Federal Automobile Registry and other Mexican authorities regularly furnish a list of suspicious vehicles located within their country to the United States Embassy. The United States Embassy then refers these lists of suspect vehicles to the National Automobile Theft Bureau. Personnel from the Bureau's Southwestern Division investigate and

report on the theft status of each suspicious vehicle listed.

Employees in NATB's Pacific Coast Division also investigate the theft status of suspicious vehicles, based on information provided by the United States Embassy and other law enforcement sources.

During 1987, NATB personnel, using data in the North American Theft Information System (NATIS), investigated the theft status of 9,289 vehicles located or suspected of being in Mexico. When NATB's system matched the suspect vehicles with reported thefts, this information was referred to appropriate law enforcement agencies.

During the year 1987, NATB investi-gators were able to identify 1,580 stolen vehicles located in Mexico. NATB agents were able to arrange for the return to the United States of 983 of these vehicles.
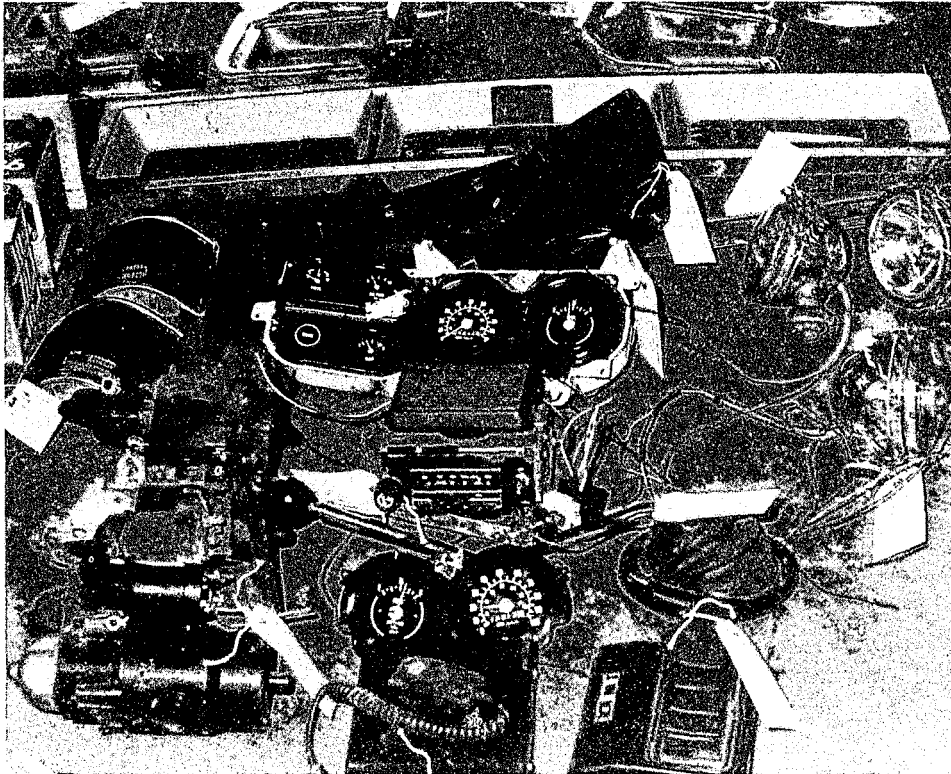
Over the past 50 years officials from the United States and Mexico have worked to establish, then improve, procedures for the return of stolen vehicles located in Mexico. Two treaties have been drafted and signed. The first treaty was ratified in 1937. A revised treaty was signed in January, 1981.

Under current treaty requirements, there is a 45-day period for filing the necessary claim after notification by the Mexican government that a specific stolen vehicle is in Mexico. If documentation is not complete and is not presented to the Mexican government within the prescribed 45-day period, the treaty claim will not be honored and the vehicle will not be returned to the United States.

NATB is continuing to work at streamlining treaty filings. The Bureau is requesting the power of attorney, along with the original vehicle title, from insurers. NATB personnel, with the power of attorney, can develop the necessary treaty documents. The procedure has been initiated in order to speed the filing process and to meet the 45-day deadline under the revised treaty. NATB, therefore, encourages member insurance companies to assign a high priority when processing treaty filings. □

-a-day basis. Anyone can arrange to be connected to the "long line." Criminals infiltrate the communications network and someone on the "long line" who has an illicit operation can answer that he or she has a needed part and can deliver the needed part within the next few days.

Throughout the country, commercial auto thieves operate on a steal-to-order basis. Recently, thieves have increased the efficiency of their "steal-to-order" operation by reducing the time spent locating vehicles. They have started to build "indexes" of vehicles that currently have the highest black market value. A commercial thief, for example, notices that a late model, popular, luxury vehicle usually can be located in a certain parking lot, in a certain parking spot, at certain times. He logs this information into his "index." Then, when an order for this specific model is issued, the thief knows where and when he can get the right vehicle.

Chop Shops

Each year auto thieves continue to make big money from chop shops which disassemble stolen vehicles for resale of their parts.

According to investigators, a car thief might receive $100 to $500 to steal a car. A chop shop operator takes the car apart and might receive $500 to $2,500 for selling the parts to body shops, depending upon the condition of the goods.

A body shop in turn realizes tremendous savings by purchasing the stolen parts instead of buying new or even used parts from legitimate auto salvage operators.

Operators of shop shops can cut stolen vehicles apart with torches, discard or alter parts that are traceable, then sell the untraceable parts to numerous salvage yards and repair shops.

To date, most major components and assemblies are not uniquely identified. The fact that they are not identifiable promotes and fosters the growing market for stolen parts. Investigators and

law enforcement authorities, on a daily basis, locate components which by their characteristics are obviously products of chop-shop operations, but they cannot identify the parts stolen. "It's nearly impossible now to trace a lot of the parts some of these "professionals" take off cars. There's just no identification system and it's tough to prove a case against them. You can catch a guy with a bunch of parts and you may know they are stolen, but proving that is something else..." says Massachusetts State Police Colonel Peter Agnes.

Chop shop operators have minimal overhead charges for their efforts. Thieves get their merchandise free.

An old garage or barn provides sufficient work space. Anyone with a truck, garage, backyard or rural secluded property can get into the business.

A convenient tool for the chop shop operators is the "long line." The "long line" is a communications network that connects many salvage yards and body repair shops. When a specific part is needed, any yard connected on the line can call up another yard to order a part. The line is operated on a 24-hour

Authorities now are confronted with an inter-relationship between vehicle crime and other serious crimes. Profits from professional vehicle theft rings and chop shop operations often are major sources of financing for other criminal enterprises. NATB has warned that law enforcement authorities must avoid the administrative pitfall of isolating vehicle theft and chop shop activity, and not recognizing the crime as a major contributing force to the total crime problem.

Implementation of the Motor Vehicle Theft Law Enforcement Act, which requires that manufacturers mark major components of many new passenger cars which are frequent theft targets, could take some of the profit out of chop shop operations. NATB believes that vehicles with permanently marked components would be less desirable as theft objects since they would offer less profit for commercial thieves.

Law enforcement officials say the marking of major components will make prosecuting car thieves easier. Thus, chop shop operators are faced with an increase in the risk of arrest, prosecution and conviction. NATB believes this will help reverse the thinking of criminals who view vehicle theft chop shop operations as low-risk, high-profit crime.

South Carolina was the first state to enact the Joint Industry Task Force on Automobile Theft and Fraud (JITFAT) Model Motor Vehicle Chop-Shop Stolen and Altered Property Act. The legislation, HB2015, passed the General Assembly on March 25, 1987. It was signed by the Governor and became effective on March 31, 1987. In brief, the Act adds new and increased criminal sanctions against persons owning, operating or conducting chop shops. It provides for forfeiture of tools and equipment used in chop shops. In addition, it provides for civil remedies which include treble damages and injunctive relief for any person aggrieved by a chop shop operation.

Recently, NATB assisted the South Carolina State Law Enforcement Division, the South Carolina Highway Patrol Investigative Unit and the Clarendon County, South Carolina Sheriff's Department in the investigation of a theft and chop shop operation. As a result of the joint investigation, three subjects were charged with violation of the new Chop Shop Act. Two subjects pled guilty. The first was sentenced to ten years in prison and fined $20,000. His sentence was reduced to four years, a $20,000 fine and five years probation. The second subject was sentenced to ten years in prison and fined $20,000. His sentence was reduced to three years, a $20,000 fine and five years probation. The third subject was found guilty and sentenced to 20 years in prison and fined $50,000. His sentence was reduced to eight years, a $50,000 fine and five years probation.

Copies of the Model Motor Vehicle Chop Shop, Stolen and Altered Property Act may be obtained by contacting the NATB's Executive Office at (312) 430-2430. □

Education & Training

Training law enforcement and insurance personnel continues to be an important service offered by NATB. As professional theft rings become more sophisticated in their methods of operation, police officers and insurers must become increasingly skilled in their efforts to control crime.

The Bureau's trained staff of Special Agents regularly serve as instructors at police training seminars, recruit schools, police academies and colleges and universities. Last year, NATB Special Agents lectured at 647 police schools, reaching an audience of over 20,000 officers.

As a result of Bureau training, police officers continue to become more aware of the investigative resources available from NATB. They are also alerted to techniques being used by skilled thieves and as a result they are better able to uncover and deal with crime in day-to-day operations.

The Bureau estimates that up to 15% of all thefts reported to NATB involve frauds or attempts to defraud. To counter an apparent upward trend in fraud, NATB agents served as instructors in 79 fraud training programs involving 2,214 officers and insurance company employees. The number of attendees at fraud training programs increased 51% from 1986.

NATB Special Agents also instructed at 36 arson schools reaching an audience of 1,475 attendees. For more information contact your local NATB Divisional Office. □

National Automobile Theft Bureau/Motor Vehicle Manufacturers Association Cooperative Public Service Announcements

Recently, NATB coordinated a countrywide study of theft techniques conducted by the International Association of Auto Theft Investigators. The study conducted for the Motor Vehicle Manufacturers Association, indicated that approximately 17% of the vehicles which are stolen have the owners' keys in them at the time of location.

To help alert the U.S. public to the problem of vehicle theft, and to offer suggestions on how to make it tougher for thieves to steal vehicles, the Motor Vehicle Manufacturers Association and the National Automobile Theft Bureau produced a 30-second public service announcement including tips on theft prevention. Copies of the television public service announcement were distributed to 500 U.S. television stations across the country. Researchers reported that at least 186 individual stations used the announcement, serving markets which have a total of 72 million households and more than 145 million viewers. In addition to individual stations, four networks and cable groups used the announcements, reaching 117 million viewers.

NATB and the MVMA also produced and distributed one 60-second and three 30-second radio public service announcements. The purpose of these spot announcements was to provide a general audience with information on how to avoid vehicle theft. The four radio public service announcements were distributed to 1,000 radio stations across the United States. Researchers estimated these announcements reached a total listenership of 131 million people.

In addition, MVMA and NATB prepared four printed public service announcements which were mailed to 3,800 suburban daily and weekly newspapers.

While final results have not been tabulated, the first release generated 448 newspaper articles in 30 states with a circulation of about 3.5 million readers. The first release appeared in 15 of the top 50 markets. Results from the other three articles will be counted in the near future.

The Motor Vehicle Manufacturers Association is the trade association for domestic car, truck and bus makers which produce more than 98% of all U.S.-built motor vehicles. The joint public awareness campaign is an effort on the part of the insurance industry and the U.S. automobile manufacturers to alert the public to the seriousness of vehicle crime. For more information contact the Public Relations Department at the NATB Executive Offices, 10330 South Roberts Rd., Suite 3A, Palos Hills, IL 60465 or 312-430-2430. □

NATB/Chicago Police Department Video Training Modules

The Chicago Police Department/ NATB video training modules for "role call" training continue to be used by law enforcement agencies throughout the country. The training program offers a series of four-to-six-minute video training modules designed to assist officers in the field. The training modules may be used separately or together. The objectives of the training tapes are to help officers learn fundamentals of vehicle theft investigation such as identifying stolen vehicles, recognizing chop-shop and stripping-out operations, and understanding the vehicle identification number (VIN). The training modules also can be used by insurance company personnel.

The NATB/Chicago Police Department Video Training Program is divided into the following modules:

Module	Topics
#1	Introduction — NATB President Paul W. Gilliland and retired Chicago Police Department Superintendent Fred Rice . . . 4:00 minutes
#2	The Street Stop . . . 3:34 minutes
#3	Vehicle Identification Numbers . . . 4:31 minutes
#4	Altered Vehicle Identification Numbers and Documents . . . 5:39 minutes
#5	Auto Theft Tools . . . 4:34 minutes
#6	Recognizing Stolen Vehicles . . . 4:04 minutes
#7,8	Stripping and Chop-Shop Operations . . . 4:05 minutes
#9	Motorcycle Theft . . . 4:00 minutes

The total training program lasts about 35 minutes. NATB has coordinated distribution of the tapes across the country. To date, the Bureau has received over 1,350 requests including inquiries from law enforcement agencies in all 50 states. □

Information and Education

Six years ago, NATB first released its leaflet, "Your Car Could Be Stolen." The leaflet is a crime control pamphlet designed for the public, the consumer media, and insurers. "Your Car Could Be Stolen" offers tips on "how to give a thief a hard time," and suggests methods for placing personal marks of identification on your vehicle. During the last six years, over 6 million leaflets have been distributed throughout the U.S. — approximately one million leaflets a year.

In addition, during 1987, NATB personnel addressed numerous civic groups interested in trying to control vehicle crime. NATB Special Agents spoke with about 700 people attending these meetings. Moreover, NATB employees were featured in newspaper articles, on radio, and television during 1987 discussing vehicle theft and prevention. □

International Association of Auto Theft Investigators

NATB helped form the International Association of Auto Theft Investigators (IAATTI) in 1951. Bureau personnel assisted in the planning and development of the first IAATI seminar and since then have continued to co-sponsor regional and international training seminars.

IAATI is a professional organization of more than 1,600 members representing law enforcement agencies, insurance companies, and vehicle manufacturers. IAATI's training seminars serve as forums where investigators who are working to control vehicle crime can confer and discuss current problems and methods to meet new challenges.

NATB President Paul W. Gilliland currently serves as president of IAATI (1987-1988). Other Bureau personnel assist as instructors at numerous IAATI training seminars. In addition, NATB personnel coordinate the association's public relations efforts.

Instructions and Presentations 1987	# of Schools or Other Presentations	Lecture Hours Devoted	No. of Persons Attending
Law Enforcement			
Theft	606	2,515	19,171
Fraud	21	56	647
Arson	20	84	539
Insurers			
Theft	39	125	1,099
Fraud	53	145	1,455
Arson	11	33	120
Police & Insurers			
Theft	18	97	1,688
Fraud	5	26	112
Arson	5	33	455
Civic Groups & Others	154	434	688
	932	3,548	25,974

Fraud

NATB estimates that, countrywide, 15% of all vehicle theft reports are fraudulent or attempts to defraud. "This estimate of financial crime becomes a factor to be concerned with, especially when applied to the 1 million vehicles reported stolen each year," said NATB President Paul W. Gilliland.

The Bureau emphasizes that it is absolutely impossible to place an exact figure on the number of frauds. The percentage is much higher in some parts of the country and lower in other parts. As an example, the Bureau points to a 1980 Massachusetts Governor's Task Force report which estimated that up to 25% of theft reports in Massachusetts were fraudulent. New York Police Commissioner Benjamin Ward also estimates that 25% of the reported thefts in New York City are fraudulent.

There are many methods of operation used to defraud. Reports from NATB Special Agents who have been participating in cooperative undercover operations ("Sting Operations") indicate that "owner give-ups" seem to be on the increase. In most instances, the term "owner give-ups" applies when a vehicle owner conspires with a third party to have his or her insured vehicle disposed of so they can collect theft insurance money.

One of the most publicized cases of "owner give-ups" was Operation Chirings. Operation Chirings, a joint undercover operation conducted by the Illinois Secretary of State Police and FBI agents, with the assitance of the National Automobile Theft Bureau, resulted in the location of 97 automobiles, 4 semi-tractors, 3 trailers and various other chopped automobile and truck parts. Seventy-three of the located vehicles (or 75%) were traced to "owner give-up" situations. The

undercover investigation had started as a state and federal look into local chop shop operations. Authorities indicated that the thrust of the investigation soon turned to insurance fraud.

Operation Co-Fast, an undercover operation conducted by the Federal Bureau of Investigation and the Massachusetts Governor's Auto Theft Strike Force, resulted in 106 subjects being named in 111 state and 40 federal indictments. The subjects were alleged to have participated in "owner give-up" schemes. As in most "owner give-up" cases, subjects represent a broad spectrum of society, including business executives, students, teachers, housewives, salespersons—white collar and blue collar workers.

Motives for "owner give-ups" include an urgent need for cash, mechanical problems, payment difficulties, a desire to obtain lower finance rates, or a desire to avoid the hassle of selling.

In a number of cases, the vehicles exhibit varying states of repair. Some are stripped of parts and accessories. Yet, the vehicles are listed in good condition on theft reports that often include non-existent contents such as golf clubs, fur coats, etc.

Some "owner give-ups" end up overseas. The owner buys a popular vehicle with a low down payment. He exports the vehicle. Then the owner reports the vehicle as stolen to both the police and his insurer.

Dumping vehicles into water appears to have been increasingly popular in some parts of the country such as Florida. Water erodes the car of most evidence so conviction is extremely difficult. Florida has many secluded waterways, lakes, sink holes and swamps so that an owner can dump the car without being spotted. A reason for car-dumping is that the vehicle often is not found as quickly as with other "owner give-up" methods. In many states, a claim on a stolen car must be paid within thirty days after the vehicle has been reported stolen.

One officer in South Florida says, "we have a 55-foot-deep canal near here that gets filled up with cars at least once a year. The cars are stacked so high that a diver can stand on the top one, and he will be out of the water from the waist up."

South Florida officials pull approximately 600 cars a year from the waters of Dade County. They estimate that 90% of all cars recovered have been reported stolen.

In the Southwest, officers are taking a particularly close look at theft reports made by telephone. They report, "it's easier to lie on the telephone than it is in person." In Houston, where the number of vehicle thefts are nearly 100 a day, police won't accept stolen car reports by telephone. Officers began requiring subjects to look a police officer in the eye when reporting a stolen vehicle. The subjects were informed they could be charged with theft if their report was proved false. The number of vehicle theft reports immediately dropped by almost 10%, Houston authorities said.

In New York City, police announced the arrest of 82 persons on charges involving automobile insurance fraud during the past year. The arrest resulted from "Operation Home Run," a ten-month investigation by officers from the Insurance Fraud Module of the New York City Police Department, working in cooperation with special agents from NATB. The 82 subjects arrested were charged with various offenses including insurance fraud, false written statements, grand larceny (if claims were paid) or attempted grand larceny (if claims were not paid).

The Department's Insurance Fraud Module is a specialized unit which works in conjunction with NATB, monitoring and analyzing vehicle thefts reported in New York City for possible fraud indicators. New York Police Commissioner Ward has warned, "the message is clear: Any person who thinks about victimizing all of us with a fraudulent auto insurance claim should also think about what it means to be arrested and charged with serious felonies."

NATB has developed a fraud profile which includes a series of "red flags." It should be emphasized, however, that the "red flags" are only guidelines for identifying fraud and do not necessarily mean that a fraud has been perpetrated. If a number of "red flags" appear in a specific case, however, NATB recommends additional investigation. The Bureau's series of "red flags" include:

- Involvement of late model, expensive vehicles.
- Date of coverage and date of claim closely related.
- The insured furnishes the address or phone number of a bar, hotel, or motel as a place to be contacted by the claims adjuster.
- The insured volunteers to visit the claims office for payment.
- The insured returns proof of loss or other written communication in person to avoid mailing, in violation of mail fraud laws.
- The claim or theft investigation discloses that:
  - The insurance agent never viewed the insured vehicle.
  - The insurance premium was paid in cash.
  - The insurance agent had no previous or other business in effect with the insured.
  - Only comprehensive insurance coverage was purchased.
- The insured wants to retain title and salvage on a total loss where salvage appears financially unfeasible to rebuild.
- Title or proof of ownership is a duplicate issue or from a distant state.
- The insured presents an assigned title, still in the name of the previous owner, as his proof of ownership.
- The insured has just recently titled the vehicle in his name.
- The insured is unable to produce title or proof of ownership.
- The insured has failed to report the theft to the police.
- The vehicle has no lien noted and the owner does not appear to have the means to have made a cash purchase.
- The vehicle is reported to be expensively customized or a show model.
- The vehicle is rebuilt, a previously recovered theft, or the subject of a prior major collision claim.
- The vehicle is alleged to have been stolen prior to titling and registration.
- Expensive articles are reported to have been in the vehicle at time of theft.
- The previous owner cannot be located or is unknown to the claimant.
- Vehicle is reported stolen, and recovered a short time later, burned.
- Vehicle is reported stolen, and recovered a short time later with extensive damage.
- Vehicle is reported stolen, and recovered a short time later, stripped of its interior.
- The insured is unable to produce a sales invoice.
- The insured recovers his own vehicle. □

Salvage

A vehicle that is damaged by collision, fire, flood, accident, trespass, or other occurrence to the extent that the cost of repairing the vehicle for legal operation on the highway exceeds its fair market value immediately prior to damage is defined as salvage. The definition of salvage also includes a vehicle that is altered, rebuilt, or modified by the addition or deletion of assemblies, sub-assemblies, parts, or component parts so that upon gross visual examination it does not appear to be the vehicle described in the certificate of title last issued for that vehicle.

In most cases, the vehicle's worth is limited, on the legitimate market, to the value of its parts.

For criminals, however, the value of salvaged vehicles rests in the vehicles' documents and identification numbers. Criminal purchasers of salvaged vehicles do not want the vehicles, they only want the certificates of title and the vehicle identification numbers which identify the salvage.

Thieves use these two items to disguise and dispose of stolen vehicles in the legitimate market by substituting the titles and vehicle identification numbers of the salvage vehicles for those of the stolen vehicles. This operation is known as the "salvage switch."

Once the "salvage switch" is completed, the stolen vehicle is sold either to an innocent purchaser or to a person who may well suspect the validity of the transaction, but participates because of a reduced, favorable price.

During 1987 NATB investigators assisted officers from the Chicago Police Department's Auto Theft Special Investigations Team in an investigation which ended with the arrest of one subject who was charged with multiple counts of possession of stolen vehicles. Investigators located parts from luxury cars valued at $125,000. The subject would steal certain late model luxury vehicles and hold the vehicles until he was able to purchase similar salvage. He then would switch the vehicle identification number plate from the salvaged vehicle to the similar stolen car. Twenty luxury vehicles valued at $500,000 also were located and recovered as a result of the investigation.

The subject was charged with 35 counts of possession of stolen vehicles; pled guilty to all charges; and was sentenced to six years and three months in jail.

Eight persons were charged with participation in a vehicle theft and salvage switch operation in Lincoln, Nebraska during the past year. NATB was part of a task force formed to investigate the operation. As a result of the cooperative investigation, 19 stolen vehicles were located; 8 subjects have been indicted; and a ring that was operating in Arizona, Iowa and Nebraska has been closed down.

The Texas Department of Public Safety initiated an investigation of "salvage switches" during the past year. Personnel from the Federal Bureau of Investigation, the California Highway Patrol, NATB and officers from several Southwestern and Western States became involved with the investigation. When the investigation is completed it is expected there will be approximately 300 vehicles involved in this multi-state "salvage switch" operation.

A variation of the "salvage switch" is the "body switch." The body switch works this way. Thieves purchase late model luxury salvage vehicles. They want the salvaged vehicles' frames, engines, and transmissions. In addition, they want the title plus the dashboard vehicle identification number plates. Thieves offer several times the price that the legitimate salvage dealers bid in order to obtain these items.

The criminals then steal late model luxury vehicles of the same models as the salvaged vehicles. The thieves loosen, then separate the frame, engine and transmission of the stolen vehicle from the rest of its parts, or the "shell' of the vehicle. The "shell" is hoisted by crane upward off the frame. The frame of the stolen vehicle is rolled out from under the "shell." The frame of the salvage vehicle (with its engine and transmission on the unit) is pushed under the "shell" of the stolen vehicle. The "shell" of the stolen vehicle is dropped on top of the frame of the salvaged unit.

The thieves attach the frame of the salvaged vehicle to the "shell" of the stolen vehicle. It takes about 30 minutes to complete the "switch."

Criminals then retitle the vehicle and sell the "retagged" vehicle through legitimate channels. The "body switch" has been completed.

A recognized important control of salvage begins when insurance companies report their salvage sales to NATB. This data is stored in the Bureau's North American Theft Information System (NATIS). When a theft is entered into the Bureau's data bank, an immediate computer search is made of all salvage records on file. If an attempt is being made to obtain a theft settlement for a total loss salvage vehicle, the fraud detection capability of NATB's computer system will match the alleged theft loss with a previous salvage report.

This is called a salvage "hit". Salvage "hits" often trigger investigations which uncover commercial theft rings and prevent extensive fraud attempts.

NATB Expands Salvage Reporting Program

In a continuing effort to make the exchange of information between insurers and NATB more efficient, the Bureau has expanded the Vehicle Salvage Reporting Program. Certain salvage pools have offered to process salvage information, electronically or by magnetic tape, directly to NATB. The salvage pools offer this additional service to companies using their pools to process salvage.

Obtaining salvage information directly from pools accomplishes two purposes. One: it eliminates the manual process of entering salvage on-line into NATB's computer. Two: it permits insurers to eliminate the reporting of salvage to NATB where the company has designated a participating pool as a reporting agent. NATB currently is negotiating with additional salvage pools to receive salvage information electronically by network or on magnetic medium. As these pools are added to the program, insurers will be advised so that they may discontinue the reporting of salvage processed by these facilities—if insurers so choose.

If an insurer feels there may be a problem of internal control, it is acceptable to continue to report all salvage and NATB will detect and handle any duplicate reporting.

It should be noted that salvage disposed of through non-participating pools or by any other method must continue to be reported through either the NATB electronic reporting system or by use of the NATB form 100 salvage report.

NATB procedures require the reporting of all salvage of current model year plus the four preceding model years. On all other model years, reports should be submitted on all salvage representing expensive sports cars, truck tractors or other valuable vehicles. In addition five states currently have laws that provide various requirements for reporting salvage to NATB. The reporting requirements are as follows:

New York

All total losses, however sustained, involving salvage, all other first and third party losses, however sustained, where the damage to the claimant's vehicle exceeds $2,500 or, if the insured or claimant is permitted to retain the vehicle, shall be reported to NATB. 11 NYCRR 216.8(d)(2)

Massachusetts

All total losses, however sustained, involving salvage, or if the insured is permitted to retain salvage, shall be reported to the NATB. 211 CMR 75.05.5.1

Rhode Island

All casualty insurers licensed to do business in Rhode Island shall report all salvage declarations to the National Automobile Theft Bureau. RIGL 27-8-14

Connecticut

Insurers shall report all...constructive total losses due to fire, of any motor vehicle. All constructive total

losses involving motor vehicle salvage, regardless of the nature or cause of loss or the type of coverage involved, including salvage retained by either an insured or a third party claimant. RCSA 38-175-w-5 (a) & (b)

Michigan

Each insurer transacting automobile insurance in this state shall be a paying member of the National Automobile Theft Bureau. MIC 500.2134

Should an insurer decide to adopt the enhanced salvage reporting procedure, it may initiate the program at any time. Questions concerning the expanded vehicle salvage reporting program should be directed to NATB's Executive Office, at (312) 430-2430.

Insurance companies are in a unique position to eliminate many avenues for salvage document misuse by using available detitling procedures to surrender titles for "basket-case vehicles," or "non-rebuildable vehicles." In this way, titles for "basket-case vehicles" are kept out of circulation. NATB continues to emphasize that the key to minimizing the misuse of salvage is control of salvage documents. And, misuse of ownership documents for salvage continues to play a significant part in the vehicle theft problem.

Insurance companies recognize the importance of reporting salvage to NATB as a control method. The number of salvage reports from insurers increased 26.46% during 1987, with a total of 457,286 salvage reports entered into the Bureau's system. This is an increase of 95,667 salvage reports over those reported during 1986.

It should be emphasized that as the Bureau's data base increases in size, the system's anti-fraud capabilities become more efficient. Just ten years ago, in 1978, the Bureau received 61,224 salvage reports. The increase of 646.91% submitted since 1978 is recognition of the effectiveness of the system.

NATB investigators point out that salvage will continue to be a problem until legislators standardize conflicting
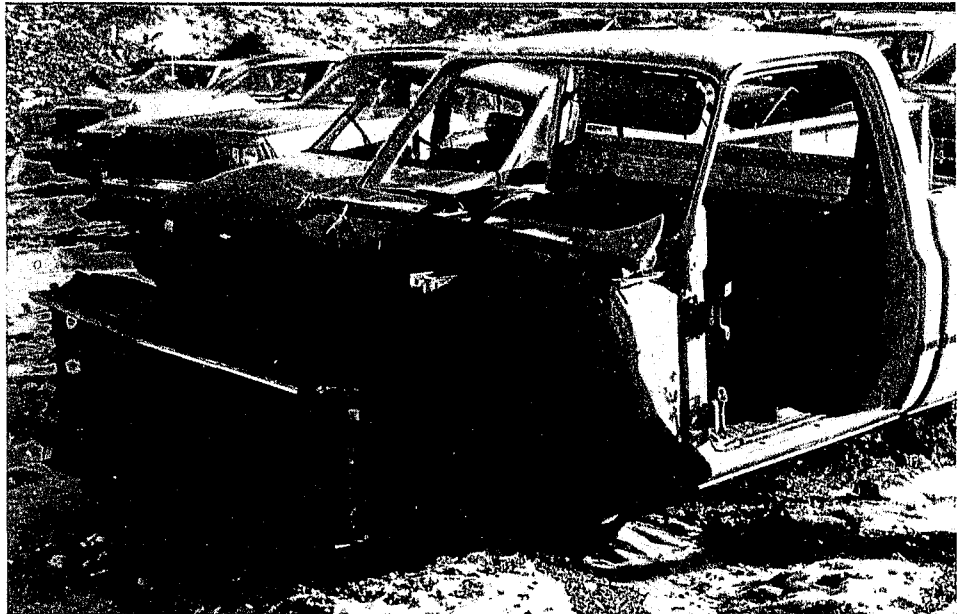
state laws. In many cases, for example, salvage vehicle controls tend to operate only within a given individual state. Little consideration is given to the mobility of vehicles and to the need for effective multi-state and multi-national salvage control. The lack of standardization of salvage controls among states offers the professional criminal a fertile field for operations.

An important problem with salvage legislation, in many states, is that state laws, in application, address only an insured vehicle. Many other types of "distressed vehicles" are not effectively controlled.

Moreover, many salvage control laws fail to make a practical distinction between a rebuildable vehicle and a vehicle having value only for parts or scrap metal. It is possible, therefore, to take a salvage certificate to another state and obtain new ownership documents for a non-existent, non-repairable vehicle.

Title Branding

NATB supports the salvage control provisions of the Uniform Vehicle Code (UVC). Following is the key provision in the Uniform Vehicle Code concerning branding:

Upon receipt of a properly completed application, together with the required documentation and fees,

the department (motor vehicle department) shall issue a certificate of title which shall include the notation "rebuilt salvage" or "reconstructed." The department shall recognize other jurisdictions' title notations and carry forward such notations or equivalent notations on titles subsequently issued. This is from sec. 3-121(e) of the UVC.

The Bureau supports this position. A key enforcement action will be that of various state motor vehicle departments in implementing internal procedures that will detect and prevent title washing. Efforts to combat title washing are vital to the interests of effective anti-theft and anti-fraud programs. The same internal procedures will detect odometer tampering, an important consumer-oriented program.

NATB does not favor and does not support some legislative and regulatory initiatives which require the affixing of "brands" to the vehicle itself. One such effort started in New Hampshire about 5 years ago and required the affixing of a metal plate, through the use of rivets, to the left front door of the vehicle. The plate was to read "salvage." Since that time the requirement has changed to the use of a decal or label. This approach is advocated in Oregon, in pending legislation in Massachusetts, and in a resolution

adopted by the American Association of Motor Vehicle Administrators (AAMVA). The approach is reminiscent of the practice, several years ago, of removing VIN plates from salvage vehicles in an effort to "control the salvage problem." And, similar to that experiment, it is suspected that more harm than good will result. Several problems are apparent:

(1) There is no standard or program that will result in uniformity from state to state.

(2) Vehicles are not unified entities but merely assemblies of various parts and components. If one such part is marked with a label (say, driver's door) what does it mean? Is the whole assembly salvage? Is the door only from a salvage vehicle?

(3) How many purchasers of new or used vehicle's read all of the decals and labels that are affixed to vehicles?

These and similar problems strongly suggest that, at present, it would be best to focus and concentrate efforts, both administrative and enforcement, on existing programs, such as odometer disclosure, title branding, and measures to counter title washing. It really is a matter of economy of means. Should maximum efforts and energies be used in a few approaches to the problem, or should effort and energy be spread over many different approaches?

In addition to its position on "title branding," NATB continues to work with other interested groups and has developed a legislative proposal that addresses the need for uniformity and standardization in salvage vehicle controls. In addition to "title branding" the Bureau points out that carefully drafted salvage title legislation takes into consideration the following concerns:

- Identification—A salvage title certificate must reflect the year, make, model and VIN of the vehicle identified in the application for salvage certificate.
- Uniform Application—The legislation should apply to all damaged motor vehicles which would be un-economical to repair or rebuild, not just insured vehicles.
- Direct Surrender—A title should be surrendered to the Department of Motor Vehicles which will in return issue a salvage title.
- Notice to Issuing State—The law should provide that title documents from other states are to be surrendered and the validity of the documents verified, and a check should be made for any theft report involving the vehicle.
- Document and Vehicle Inspection
  — An inspection should be made by qualified law enforcement or a motor vehicle regulatory agency. The scope should include:
  — verification of VIN
  — identification of components
  — review of documents establishing ownership (receipts, transfers)
- Chain of Ownership—Legislation should provide for a traceable chain of ownership.
- Replacement of Assigned Numbers. Where a VIN is replaced or initially assigned, it must comply with Vehicle Equipment Safety Commission Regulation 18 (VESC-18).

- Permanently Affixed Number— VIN plates should not be removed.
- Reporting of Demolition—The law should provide that the destruction, demolition or scrapping of a motor vehicle is reported to the Department of Motor Vehicles, terminating the chain of title of a vehicle in junked condition.

A good example of a law that incorporates all of the above is the Joint Industry Task Force on Automobile Fraud and Theft's (JITFAT's) Fraud Model Salvage Certificate and Junk Vehicle Act. It requires that the certificate of title is to be surrendered to the Department of Motor Vehicles when the damaged vehicle is subjectively determined to be salvage and meets all the above-mentioned considerations. A vehicle is defined to be salvage under the Model Act when the owner, an insurer or other persons acting on behalf of an owner, determine the damaged vehicle to be uneconomical to repair or rebuild or upon visual examination does not appear to be the vehicle described in the certificate of title last issued. Copies of the proposed Act may be obtained by contacting the Legal Department, NATB, 10330 S. Roberts Road, Palos Hills, IL 60465.

SALVAGE REPORTS 1986-87				
Division	1987	1986	Change from 1986	% Increase or Decrease
Eastern	139,535	168,105	28,570	− 16.99
Pacific Coast	44,229	34,666	9,563	+ 27.59
Southern	64,010	45,424	18,586	+ 40.92
Southwestern	48,819	42,573	6,246	+ 14.67
Western	162,330	70,851	91,479	+ 129.11
Totals	457,286	361,619	95,667	+ 26.46

## Off- Road Machinery (Heavy Equipment)

Heavy equipment such as bulldozers, tractors, track loaders, backhoes, and log skidders are profitable theft items for criminals.

Associated Equipment Distributors (AED) estimates that stolen construction equipment (excluding farm equipment) annually represents approximately $1 billion in losses. AED also estimates that 15% to 20% of the stolen construction equipment is transported to foreign buyers.

In today's mobile society it's not unusual for a $195,000 stolen wheel loader to move across county and state lines without attracting attention.

Off-road machinery, contrary to what might be expected, is not sold with a title or registered like an automobile. Without documentation, proof of ownership is very hard to establish.

To make identification more difficult, there is no universal system, or standard, established to mark expensive off-road machinery with identification numbers such as the vehicle identification number system used by auto-
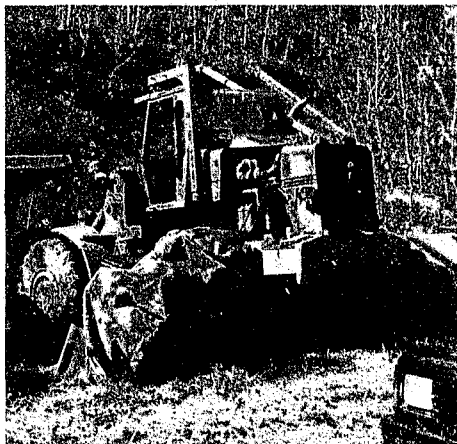
Investigators identified thirty stolen truck tractors, cabs, frames, axle units and engines valued at more than 1.5 million dollars.

mobile manufacturers. Each off-road equipment manufacturer has its own method of marking its products, which makes identification of stolen off-road machinery extremely difficult.

NATB's data base, therefore, is very important to insurers. The Bureau's off-road machinery reporting system (NATIS) operates on a 24-hour-a-day, 7-day-a-week basis; is national in

origin; and cross-indexes product identification numbers with unique numbers on principal subassemblies such as transmissions and engines.

NATB's data system can conduct "off-line computer searches." For example, if a bulldozer is recovered without identification numbers, the Bureau's system can pick out similar pieces of equipment reported stolen from locations across the country. Then, using the unique characteristics of the victim's piece of equipment, positive identification can be made.

The value of NATB's data bank is illustrated in theft and location reports for 1987. During the past year, the Bureau received 974 theft reports of off-road machinery. Two hundred sixty pieces of equipment were located, which represents a recovery percentage of 26.9%.

The recovery ratio of 26.9% is important since estimates are that countrywide only 10% of stolen off-road machinery is located by other sources.

The Bureau, therefore, continues to urge insurers to report off-road machinery thefts in order to improve NATB's data base, which will in turn improve the service the Bureau can offer.□

Marine Thefts

NATB investigators report that boats are easy targets for theft because:

- Boat construction and mobility make security inconvenient and difficult.
- Boat theft is a high profit, low risk crime.
- The priority placed on stolen boats by local, state and federal law enforcement agencies is not as high as it is on other stolen property.
- There are several thousand boat manufacturers and, therefore, the identification and tracing of marine thefts through factory records is complicated.
- Reporting of marine theft often is inaccurate and inefficient. Important theft information, in a number of cases, is not properly processed through normal law enforcement channels.

The National Crime Information Center reports that currently there are 25,850 boat thefts entered into the computer system. The last audit indicates an 18.5% hull identification number (HIN) error rate in entered information. In addition, many thefts are not reported because of the difficulty encountered in understanding and validating current hull identification numbers.

Most investigators agree that the most serious problems are with current hull identification number (HIN) formats. Hull identification number structures do not include any descriptive data to assist in notification, recall, and identification. In addition, the HINs lack permanence and are subject to easy alteration or removal. Moreover, the HINs fail to provide uniqueness of identification for a given time. For example, vehicle identification numbers (VINs) have a thirty year uniqueness. Finally, hull identification numbers fail to provide a check digit which again would help avoid omissions and transpositions and would assist in registration, titling, insurance underwriting and theft reporting.

In 1986 NATB joined with other members of an Ad Hoc Committee to

Agent Richard L. Murphy attempts to read the old registration numbers which were under the fictitious numbers attached.

discuss concern among certain state boating law administrators that methods used by boat, boat motor and trailer manufacturers to affix identifying serial numbers to their products were not adequate.

The committee consisted of representatives from the National Marine Manufacturers Association, Illinois State Police, Florida Marine Patrol, NATB, Illinois Department of Conservation, Missouri State Water Patrol, Maryland Department of Natural Resources, Rhode Island Department of Environmental Management, and several individual manufacturers.

After several meetings the Ad Hoc Committee concluded that good numbering will serve to facilitate boat safety; permit prompt and complete recall of defective boats; and improve registration, titling, theft reporting, insurance underwriting and other investigative activities.

In addition, the committee believes that the identification number should be permanently and clearly displayed. During committee meetings, law enforcement representatives cited difficulties encountered when trying to view a boat hull identification number on the transom. When a boat is inspected in the water, an officer must lean out the back of the boat and attempt to read the hull identification

number upside-down, leaving him or her vulnerable to the occupant of the boat.

The Ad Hoc Committee recommended that the National Boating Safety Advisory Counsel form a committee which would institute a study for the purpose of recommending to the Coast Guard one ultimate final change to a mandated HIN structure.

Meanwhile, on many occasions, NATB's marine equipment file is the only data base where an insurance company can record its interests in this type of stolen property. The Bureau's marine equipment file is unique, since no other national file provides a similar service.

The Bureau currently receives reports on marine thefts including thefts of uniquely identifiable components such as motors and other marine accessories. NATB's theft information system operates on a 24-hour-a-day, 7-day-a-week basis and is national in scope.

When a member company reports a marine theft to the Bureau, NATB makes the boat theft information immediately available to law enforcement on a country wide basis. Complete reporting of marine thefts by all NATB members helps in the detection of marine insurance fraud as well as other fraudulent activities. Once a description of the boat has been entered into the Bureau's file by manufacturer's make, hull identification number (HIN), style, length, and identification components, the stolen piece of marine equipment can be traced even though the thief may have removed the boat's identification.

During 1987, NATB received 1,754 marine theft reports, up 12.8% over 1986. Two hundred and thirty nine pieces of equipment were located for a 13.63% recovery percentage.

Marine theft, with a 13% recovery rate, is a high profit, low risk crime. NATB, therefore, continues to encourage member companies to report marine thefts. As the number of boat theft reports received increases, the Bureau's data base will become more effective, thus benefiting insurers and law enforcement. □

Arson

Each year, fire destroys thousands of vehicles. People, however, incorrectly assume that since vehicles contain a large amount of flammable fuel, fire can easily destroy a vehicle or even cause an explosion.

This is not true. The fuel (usually gasoline) is contained in a sealed tank. The sealed tank protects the fuel from ignition. An exception would be the accidental or willful ignition of the fuel. All other components of a vehicle are not highly flammable. Vehicle manufacturers have made it very difficult for ve-hicles to burn.

Arson is another form of fraud. The planned burning of a vehicle to collect on insurance is the route some owners take in order to solve financial problems or make profits.

In 1987, NATB agents conducted 148 arson investigations. In addition, Bureau special agents examined 569 other burned vehicles in order to verify identity.

Arson is a difficult crime to investigate. However, prompt referral of suspicious claims enhances the investigator's ability to develop evidence.

State Anti-Vehicle Theft Activities

Anti-Car Theft (ACT) Committees work to produce an environment that is more resistant to vehicle theft and fraud activities. ACT Committee members include representatives from law enforcement, insurance, business, communities, and legislators.

Anti-vehicle theft activity on the state level increased during 1987. A new ACT Committee called "IMPACT" was formed and serves the Washington, DC, Maryland and Virginia area.

ACT Committees currently engaging in anti-vehicle theft activity include:
- New York/New Jersey ACT Committee
- The Pennsylvania ACT Committee
- IMPACT — Washington, DC, Maryland and Virginia
- The Ohio Auto Theft Investigators Association

- The Michigan ACT Committee
- The Midwest Task Force on Auto Theft Prevention
- Nevada's SNARE Operation (Southern Nevada Auto Theft Recovery Endeavor)
- The Indiana ACT Committee
- The Colorado Auto Theft Investigators Association (CATI)
- The Minnesota ACT Committee
- The Houston TACT Committee

New ACT Committees are also planned for implementation in Dallas, Fort Worth, Oklahoma City and San Antonio.

NATB personnel serve as consultants, committee members, instructors, and public information specialists on the various state anti-vehicle theft campaign committees. □

NATB New Members

American Interstate Ins. Co. of Georgia
American Specialty Insurance Company
Amerisure Insurance Company
CUMIS Insurance Society
Dixie Lloyd's Insurance Company
Essex Lloyds Ins. Underwriters
Equity Fire & Casualty Company
Five Star Insurance Company
Guarantee Insurance Company
Lincoln Insurance Company
Michigan Mutual Insurance Co.
National American Insurance Co.
North American Specialty Insurance Company
Pan American Insurance Company
Preferred Risk Insurance Company
Puerto Rican-American Insurance Company
Statewide Assurance Company, Ltd
Superior Insurance Company
Topa Insurance Company
Underwriters Guarantee Insurance Company
Universal Indemnity Company, Ltd

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**Vice President
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