

MINUTES OF MEETING  
SENATE JUDICIARY COMMITTEE  
February 14, 1983

The twenty-seventh meeting of the Senate Judiciary Committee was called to order by Vice-Chairman Bruce D. Crippen on February 14, 1983 at 10:10 a.m. in Room 325, State Capitol.

ROLL CALL: All members were present, except for Senator Daniels who was excused.

CONSIDERATION OF SENATE BILL 385: Senator Stimatz advised that he was sponsoring this bill at the request of the Department of Justice. The purpose is to require the keeping of reports of stolen and recovered vehicles in a state automated stolen vehicle file which would be maintained by the Department of Justice and accessed by proper officials of the state. An inspection of the vehicle identification number prior to the issuance of a certificate of ownership would be required under this bill. The Department of Justice hopes to get a handle on stolen vehicles by implementing this inspection program.

PROPOSERS: Larry Majerus, representing the Motor Vehicle Division of the Department of Justice, reviewed the bill by sections and explained their effects. This system will allow Montana to be more in line with other states in locating stolen vehicles and it would also allow the Department to charge a fee for the cost of inspection.

Bud Schoen, Chief Registrar of the Motor Vehicle Division, agreed with Larry Magerus' review of the bill. He then cited statistics regarding thefts of motor vehicles (Exhibit "A"), and urged the passing of SB385.

Colonel Robert Landon of the Highway Patrol Division supported the need for an inspection program in Montana.

There being no further proponents, no opponents and no questions from the Committee, Senator Stimatz closed by urging the passing of this bill so that Montana will not continue to be a laundering state for stolen vehicles and reiterated that the costs of this program will be recovered by charging for the inspection.

CONSIDERATION OF SENATE BILL 391: Senator Eck advised that she is sponsoring this bill at the suggestion of McKinley Anderson, an attorney from Bozeman. SB391 would essentially do three

things: (1) increase the length of time district courts can impose suspended and deferred sentences upon a defendant; (2) provide for reimbursement to the county for costs of confinement; and (3) require the imposition of restitution in all cases in which the defendant can pay the same. Under the provisions of this bill, the jurisdictional amount for a felony would be changed from \$150 to \$500 in certain cases.

PROPOSERS: McKinley Anderson, the attorney from Bozeman who suggested the idea of this bill, advised that because of the rapid rate of inflation there is a need to raise the felony \$150 amount to \$500. Examples of cases he has handled in Bozeman as a public defender were explained. He supported the need to raise the jail time which could be imposed as a condition of a suspended or deferred sentence from 90 days to 180 days as he felt this would help to keep the defendant under control. The provision which requires the defendant to reimburse the county for his confinement would cover the expense for raising the confinement time.

Mike Salvagni, former public defender for Gallatin County and the current County Attorney, stated that raising of the jurisdictional amount is appropriate. He advised that jail time is usually given in the case of deferred impositions and there is a need for more leverage in district courts for time. He felt that additional jail time would be appropriate.

John Maynard, Assistant Attorney General, advised that the Attorney General's Office endorses the raising of the amount which constitutes a felony. His office feels that this will relieve some of the burden on district courts.

There being no further proponents, and no opponents, the hearing was opened to questions from the Committee.

Senator Halligan review the bill with Senator Eck and compared it to his restitution bill, SB237. Senator Eck is hopeful that the two bills could be meshed together to create an ideal restitution bill. Senator Halligan suggested amending page 19, line 14 of SB391 to add "beyond 90 days" after "person." He felt this would require the state to pay back the costs of the defendant's confinement.

Senator Mazurek assessed the bill as requiring restitution but also providing exceptions. He didn't see any need to add this type of language to the statutes.

There being no further questions, Senator Eck closed by stating the Supreme Court has suggested that the legislature establish guidelines for restitution. Restitution is now permissive, but she felt it would not be unconstitutional to require it. She then urged the Committee to at least consider the portion of

the bill which increases the jurisdictional limits so as to take the load off the district courts.

CONSIDERATION OF SENATE BILL 261: Senator Halligan referred the Committee to the "grey" copy of this bill. It had originally been introduced in Business and Industry; however, many revisions were needed so it was revised and re-referred to Judiciary. The purpose of SB261 is to require all consumer contracts to be written in a clear and coherent language. This law would become effective July 1, 1985 so as to give some time to those who must amend their contracts to conform to this bill. The bill sets out the requirements for plain language and establishes tests for determining whether the contract adhered to the plain language requirement. Senator Halligan displayed examples of contracts which currently comply with the plain language rules.

PROPOSERS: Wade Wilkison, representing the Low Income Senior Citizen Advocates, supported SB261 as it is important to the senior citizens to be able to interpret contracts without legal counsel. He urged the Committee to consider this bill.

Stacy Flaherty, representing the Women's Lobbyist Fund, strongly supported the need for clear and coherent language in contracts.

There being no further proponents, the hearing was opened to the opponents of SB261.

OPPOSERS: Jeff Kirkland, representing the Montana Credit Unions League, advised that he stands in "qualified opposition" to this bill. Mr. Kirkland said he supported the concept of clear and coherent contracts; however, he is unaware of any problems with current contracts which would warrant this type of legislation. He stated that if this bill is not being introduced to correct an existing problem, then he is opposed to it. He also felt that there were some areas which needed clarification, specifically the definition of consumer and consumer contract. He questioned if a security agreement would be considered a consumer contract and was concerned with the two tests for determining if a contract is in plain language as he could not see which test would be controlling.

John Cadby, representing Montana Bankers Association, voiced his appreciation for Senator Halligans' revisions, but was also concerned that the bill as written discriminates against private vendors. He also failed to see why it is necessary to legislate plain language contracts since the nation is moving in this direction on its own. John Cadby expressed confusion with the language on page 9, lines 12 and 13 which provide that a contract is enforceable even though it violates the act. He suggested passing a resolution rather than a law if there is a need for this type of language.

Glen Drake, representing the American Insurance Association, opposed the bill and stated there is an ambiguity which needed clearing up. He was confused by page 2 as to whether or not insurance is covered under this bill. He also felt it would be appropriate to amend page 7, line 20 to refer only to Title 33, MCA.

Norma Seiffert, representing the Montana Insurance Department, advised that her concerns were addressed by Glen Drake and she strongly supported the suggestion of referring only to Title 33 on page 7.

Larry Weinberg, representing the Montana University System, questioned if SB261 covers the university system. He felt the broad language could be construed to cover the university's catalog, as it is a part of the contract between the university and a student.

There being no further proponents or opponents, Senator Halligan closed by advising that this bill is designed to help contracts to be more easily interpreted.

CONSIDERATION OF SENATE BILL 381: Senator Hager, sponsor, informed the Committee that this bill provides that all grandparents may seek visitation rights with their grandchildren. He then advised that the House has a bill which is similar but erroneously strikes subsection (3). SB381 sets up guidelines for a judge and is written in simpler language.

There being no proponents or opponents present, the hearing was opened to questions from the Committee.

Senator Galt questioned how many grandparents a child has. The bill refers to "one or both" on line 13. Senator Hager acknowledged the need for correcting line 13 to read "any."

There being no further questions, the hearing was closed.

CONSIDERATION OF SENATE BILL 389: Senator Turnage, sponsor, advised that SB389 is a rewrite of a bill introduced four years ago at the request of the rural electric cooperatives and rural telephone cooperatives. He explained that what it does is to treat abandoned property in the same manner as other abandoned property as set out under the existing statute.

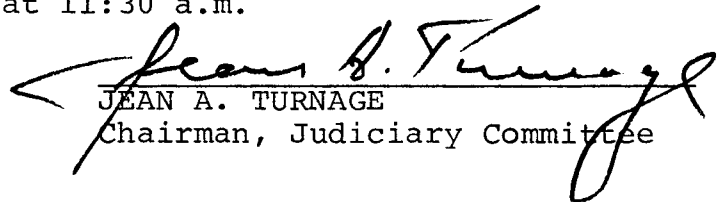
There being no proponents or opponents present, the hearing was opened to questions from the Committee.

Senator Halligan questioned what happened to the bill from four years ago. Senator Turnage advised that it had been tabled as it was not drafted very clearly.

Senate Judiciary Committee  
February 14, 1983  
Page 5

ACTION ON SENATE BILL 389: Senator Shaw moved that SB389 DO  
PASS. This motion carried unanimously.

ADJOURN: There being no further business before the Committee,  
the meeting was adjourned at 11:30 a.m.

  
JEAN A. TURNAGE  
Chairman, Judiciary Committee

ROLL CALL

JUDICIARY COMMITTEE

48th LEGISLATIVE SESSION - - 1983

Date 2-14-83

NAME	PRESENT	ABSENT	EXCUSED
Berg, Harry K. (D)	✓		
Brown, Bob (R)	✓		
Crippen, Bruce D. (R)	✓		
Daniels, M. K. (D)			✓
Galt, Jack E. (R)	✓		
Halligan, Mike (D)	✓		
Hazelbaker, Frank W. (R)	✓		
Mazurek, Joseph P. (D)	✓		
Shaw, James N. (R)	✓		
Turnage, Jean A. (R)	✓		

Each day attach to minutes

SENATE

Judiciary COMMITTEE

COMMITTEE

BILL SB3 261, 381,  
385, 389 + 391

VISITORS' REGISTER

DATE 2-14-83

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Rit Bellis (msLA)	self	261	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUD SCHOEN	M.V. DIVISION	385	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Col. R.W. London	Highway Patrol	385	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Larry Majerus	Motor Vehicle Division	385	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Glen Drake	Pen. Ins. Ass'n	261	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Norma Deffert	Mt. Ins. Dept	261	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WADE WILKISON	LISCA	261	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Stacy Heberty	Women's Lobbyist Fund	261	<input checked="" type="checkbox"/>	<input type="checkbox"/>
JOHN CADDY	MT BANKERS ASSN	261	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Larry Weinberg	Mt. Univ. System	261	<input checked="" type="checkbox"/>	<input type="checkbox"/>
JH Beck Boles	Mt Chamber of Commerce	261	<input type="checkbox"/>	<input checked="" type="checkbox"/>

EXHIBIT "A"  
February 14, 1983

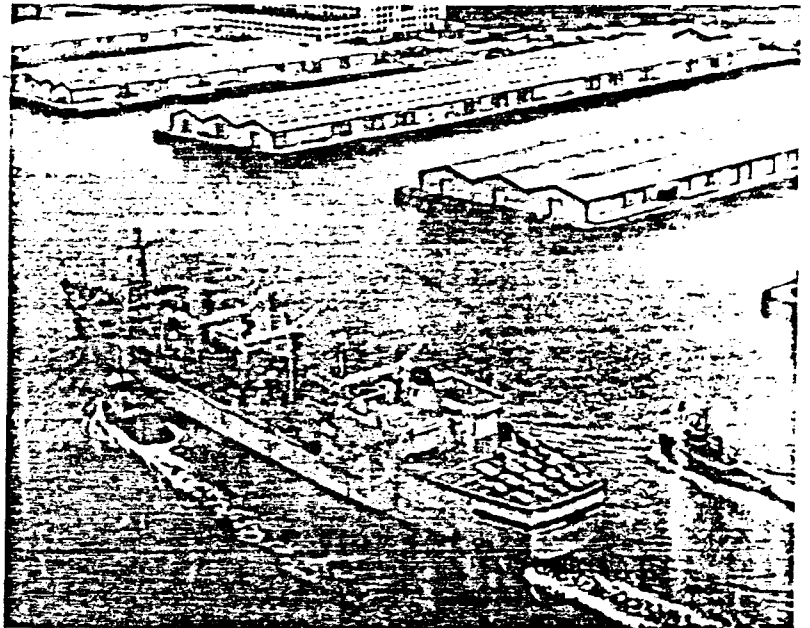
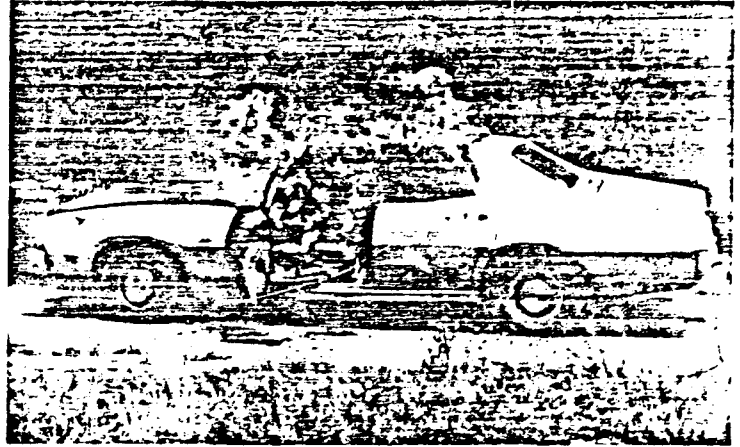
# NATIB

ATTORNEY GENERAL'S OFFICE  
HELENA, MONTANA

APR 27 1982

RECEIVED

## 1981 ANNUAL REPORT



**NATIONAL  
AUTOMOBILE  
THEFT BUREAU**





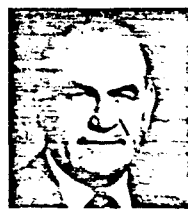
**NATIONAL AUTOMOBILE THEFT BUREAU**  
10330 South Roberts Road, Palos Hills, IL 60465  
Tel: (312) 430-2430

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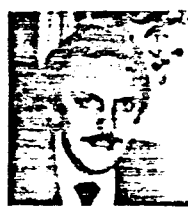
**GOVERNING BOARD**  
1981/1982



**Chairman:**  
Raymond W. Stahl, Senior Vice President  
Travelers Insurance Companies



**Vice Chairman:**  
Richard L. Malconian, Vice President  
and General Claims Manager  
Liberty Mutual Insurance Company



Frank A. Canter, Vice President  
American Bankers Insurance Co. of Florida



John E. Melton, Assistant Vice President  
Insurance Company of North America



Donald Ford, Vice President - Claims  
Allstate Insurance Company



Thomas B. Pennington, Senior Vice Pres.  
Trinity Universal Insurance Company



Earl H. Gurnack, Liability Claims Officer  
Kemper Insurance Group



Thomas W. Potter, Vice President  
JC Penney Insurance Company



Charles W. Hannert, Vice President  
Moters Insurance Corporation



Carl E. Schultz, Senior Vice President  
and Claims Counsel  
Fireman's Fund Insurance Companies



G. Robert Mecherle, Claims Vice President  
State Farm Mutual Auto Insurance Company



Robert S. Stohlman, Vice President Claims  
Farmers Insurance Group

# President's Message

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Reported motor vehicle theft may be stabilizing. Although the final Crime Report tabulation is not yet available, there are some encouraging trends. When the final analysis is completed, we expect the number of motor vehicles reported as stolen to have declined by approximately 4% in 1981 over the preceding year. This reduction is significant because this is the first time since 1976 that there has been a reflected decline in motor vehicle theft over the previous year. Most other indexes such as murder, rape and robbery still indicate a volume increase over the previous period. Decreases in vehicle theft are indicated in both rural and suburban areas and in small cities with the one exception of cities of one million in population. Although there is encouragement, there cannot be satisfaction. With the stabilization, we still project over one million thefts. Couple this with approximately 1.2 million thefts from motor homes and 1.3 million thefts of accessories from motor vehicles and it is obvious that we cannot laud our accomplishments.

NATB records of thefts reported by member companies demonstrate a 10% increase in 1981 over 1980. It is important to note that our records encompass the insured vehicles not normally located within the first 48 hours after theft, as opposed to all vehicles as detailed in the Uniform Crime Reports.

Geographically, our Eastern and Western divisions reported increases in thefts reported, while the Southern, Southwestern and Pacific divisions have indicated modest decreases. Nationally, the number of vehicles located increased over 1980 by 7.04%.

The membership obviously continues to recognize the fraud detection potential of salvage reporting, as over 286,000 salvage records were received and processed, an increase of 23.56% over the preceding year.

Certainly one can develop an optimistic attitude after reviewing and evaluating the foregoing statistics, but how can we work together to keep these trends moving in the proper direction?

With the advent of the Central Organization concept in New York and Massachusetts, the implementation of NATB processing of off-road and agricultural equipment as well as the implementation of our boat program, reporting procedures to be followed by the membership have become extremely complex. In recognition of this complexity, we have completely revised and re-written our Operations and Procedures Manual, and it is presently being distributed to the membership. I urge you to review the manual in detail and refer any questions or suggestions for improvement and clarification to the NATB.

A new treaty between the Republic of Mexico and the United States has been initialed by representatives of both countries and has been ratified by the Mexican government. Hearings on its ratification by the U.S. Congress are expected to begin in the Spring of 1982. The treaty is designed to eliminate many of the technical challenges previously encountered in connection with the return of stolen motor vehicles from the Republic of Mexico and to reduce the legalization, notarization and interpretation of documents previously required. Succinctly, the Mexican government will notify the U.S. Embassy in Mexico City of stolen U.S. vehicles located in Mexico. The Embassy will notify NATB Dallas by direct communications link. The member company will be notified and requested to complete and return the necessary documents.

These documents are then transmitted to our Embassy for presentation to the Mexican government. The Embassy then turns the recovered vehicle over to NATB's Mexican representative who arranges for its return to the United States. There is one key point. We have 45 days in which to get the correctly completed documentation back to the Embassy and the clock starts running the day the Mexican government notifies our Embassy it is holding the vehicle. It is apparent that we must proceed with dispatch in all instances in securing and preparing these documents. Lateness and delay will reflect an interpretable lack of interest and will tend to impede the efficient implementation of this long over-due program.

The reporting of agricultural, off-road and marine equipment has not progressed as rapidly in implementation as we would desire. I am continually concerned by the increased theft of and the low recovery of these classes of equipment. This equipment is not titled and registered in most instances as is the motor vehicle. Therefore, its identification and return to the owner often times necessitates time-consuming and expensive trac-



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2-14-83

ing from factory to owner after owner. Prompt, accurate reporting by our membership will enhance the probability of identification and recovery and will record your assignment of interest in this valuable equipment once the claim has been paid. Detailed reporting instructions are provided in the new *Operations and Procedures Manual*.

A Joint Industry Task Force on Auto Theft and Fraud was initiated in 1981. It consists of the American Insurance Association, the Alliance of American Insurers, the National Association of Independent Insurers, State Farm Insurance Company and the NATB. Its objective is to develop meaningful legislation and policy which will impact the crimes of vehicle theft and fraud. To date, six model bills have been developed pertaining to Model Fraud Reporting-Immunity Act; Model Insurance Fraud Statute; Model False Police Reports Statute; Model Statute Providing for Mandatory Restitution to Property Crime Victims; Model Uniform Act for the Return of Stolen Property Retained as Evidence; and Model Certificate of Title as Evidence Act.

Additionally, an information kit on vehicle theft and a slide presentation, with cassette narration, visually stressing the seriousness of the theft problem, is available from any of the Task Force participants. The Committee welcomes any suggestions and referrals of areas of needed consideration.

As of April 15, 1982, the Law Enforcement Assistance Administration will cease to exist. The Justice Department will retain four programs in a very limited way. They are a drug abuse treatment program; a program for the survivors of police officers killed in action; a regional organized crime intelligence center program; and a program to help local police run sting operations.

During its 12 year existence the LEAA spent \$7.7 billion in law enforcement related projects. There is no doubt that this loss of law enforcement funding coupled with reduced tax income, generated by our recessionary economic environment, will impact upon crime frequency and, for that matter, the entire criminal justice system. The battle lines that have been drawn may well find themselves facing a serious assault in the very immediate future. Therefore, we must recognize the severity of the vehicle theft—vehicle fraud problem. We must cooperate. We must communicate. We must work together as efficiently as possible. Our objective is to get the job done.

I am very proud of the activities, the accomplishments and the involvement of the NATB in our area of endeavor in 1981. These accomplishments would not have been a reality were it not for the loyalty, dedication, perseverance and professionalism of the NATB employees. I would be remiss if I did not recognize them and their accomplishments.

NATB presently enjoys a membership of 550 companies, an all-time high in our 70 year history. We are certainly most appreciative of this unified support which permits us to render services to the insurance industry, to law enforcement and to the public. I appreciate the guidance and counsel that has been rendered to me by the Advisory Committees and the members of our Board of Governors. It is always motivational to observe the sincere interest that is placed in our organization and in the welfare of our employees.

Finally, I would recognize our associates in law enforcement for the many courtesies and the cooperation they have extended to the National Automobile Theft Bureau, and to me, during this past year. It is certainly well-recognized that without this cooperative, professional relationship, any task that we would attempt would be much more difficult. There is no doubt that we can continue to impact the vehicle crimes if we continue to collectively work together towards this goal. I pledge to each of you the cooperation of the NATB in this endeavor.

Thank You.

*Paul W. Sullivan*

2-14-83

# Motor Vehicle Theft Facts

The Federal Bureau of Investigation's Uniform Crime Reports for 1980 - released in September, 1981 - revealed the following picture of motor vehicle theft in America:

There were 1,114,651 motor vehicle thefts, an increase of 1.6 percent from 1979.

There were 1,230,500 thefts of contents from motor vehicles, an increase of 8.8 percent over 1979.

There were 1,358,500 thefts of motor vehicle accessories, an increase of 7.0 percent over 1979.

Throughout the nation, a vehicle theft occurred every 28 seconds.

One out of every 143 registered motor vehicles was stolen.

One out of every 43 registered motor vehicles was stolen itself, or had its contents or accessories stolen.

Countrywide, an estimated 55.5 percent of stolen vehicles were recovered.

Thefts of the accessories of motor vehicles amounted to 16.5 percent of all larcenies.

Thefts of contents from motor vehicles amounted to 15.0 percent of all larcenies.

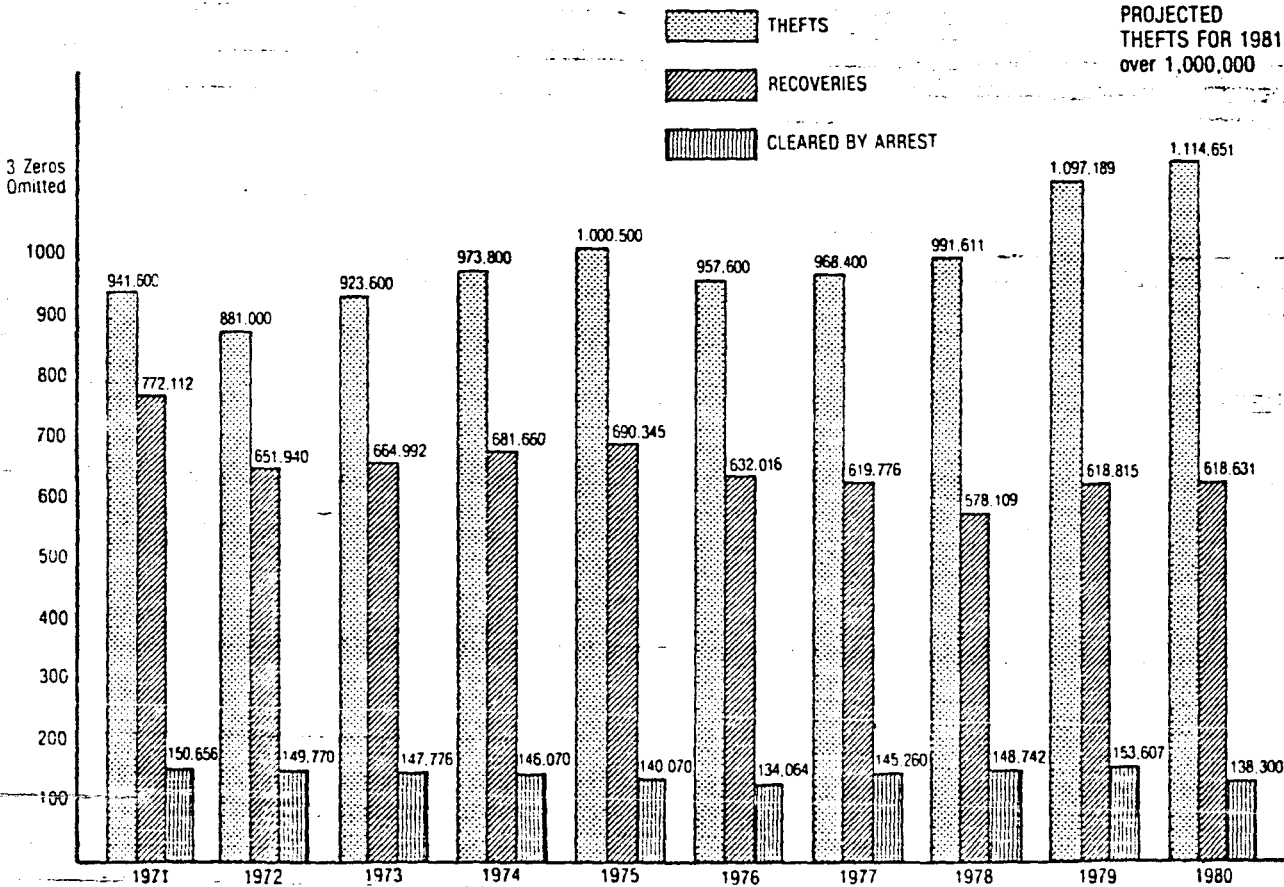
Thefts of a motor vehicle amounted to 13.5 percent of all larcenies.

Nationally, the combined total of 45.0 percent of all larcenies reported to law enforcement involved the theft of the motor vehicle, its contents, or its parts.

In 1980, 14.3 percent of motor vehicle thefts were cleared by arrest.

Vehicle theft occurred at the rate of 494.6 per 100,000 population.

FIGURE 1  
VEHICLE THEFT TREND 1970-1980



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**FIGURE 2 - VALUE OF PROPERTY STOLEN DURING MOTOR VEHICLE RELATED THEFT - 1980**

Motor Vehicles (1,114,700 x \$2,879)	\$3,209,221,300
Contents (1,230,500 x \$341)	\$ 419,800,500
Accessories (1,358,500 x \$172)	\$ 233,662,000
<b>Total</b>	<b>\$3,862,483,800</b>

Source: Federal Bureau of Investigation's Uniform Crime Reports for 1980.

## Motor Vehicle Theft Facts

The value of property stolen during motor vehicle related thefts totaled an estimated \$3.86 billion in 1980 (See Figure 2).

The average value of a stolen motor vehicle at the time of the theft was \$2,879 (See Figure 3).

The average value of theft of contents from a motor vehicle was \$341 (See Figure 3).

The average value of theft of accessories from a motor vehicle was \$172 (See Figure 3).

Automobiles represented 74.7 percent of the vehicles stolen in 1980 (See Figure 4).

In 1980, 13.1 percent of stolen motor vehicles were trucks or buses (See Figure 4).

The remaining 12.2 percent of stolen motor vehicles were classified "other motor vehicles." ("Other motor vehicles" consist mostly of motorcycles and trailers. It is reasonable to assume, therefore, that 130,000 motorcycles were stolen in 1980 (See Figure 4).

The percent of stolen motor vehicles which are trucks and buses was up 104.7 percent in 1980 as compared to 1974. In 1974, 62,530 trucks and buses were stolen while in 1980, 146,025 trucks and buses were stolen (See Figure 4).

The percent of stolen motor vehicles which are "other motor vehicles" was up 31.2 percent in 1980 as compared to 1974 (See Figure 4).

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

**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*
1967	\$1,017	\$136	\$50
1968	991	142	59
1969	992	146	65
1970	948	139	69
1971	933	149	67
1972	936	149	65
1973	1,095	160	73
1974	1,246	180	85
1975	1,457	207	108
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

One out of every 43 registered motor vehicles was stolen itself, or had its contents or accessories stolen in 1980.

Source: Federal Bureau of Investigation's Uniform Crime Reports for 1980.

\* Data reported on this chart is from the FBI's Uniform Crime Reports. The data indicates the average value at the time of theft. It does not indicate insurance losses.

**FIGURE 4 - MOTOR VEHICLE THEFT**

Year	Autos	Trucks and Buses	Other Vehicles
1974	84.3	6.4	9.4
1975	84.0	7.0	9.0
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

Source: Federal Bureau of Investigation's Uniform Crime Reports for 1980.

\* Other vehicles includes motorcycles and trailers.

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# Motor Vehicle Theft Facts

The Northeast recorded 30 percent of the vehicle thefts, which was a 3 percent increase over 1979.

The North Central area, with 22 percent, recorded a 4 percent decrease.

The Southern region had 25 percent of the thefts, a 4 percent increase over the prior year.

The Western region reported 23 percent, a 3 percent increase over 1979.

Cities of more than 250,000 population recorded a 5 percent increase, while the suburbs experienced a less than one percent increase, and the rural areas went up 7 percent (See Figure 5).

During the past 10 years, rural and suburban areas have recorded a higher percentage of changes than urban areas or cities of 250,000 population and over (See Figure 5).

Ten states accounted for 67.5 percent of all motor vehicle thefts in 1980. These states were: California, New York, Texas, Massachusetts, Illinois, Michigan, New Jersey, Pennsylvania, Ohio, Florida (See Figure 6).

FIGURE 5 - TEN YEAR VEHICLE THEFT TREND

Year	percent Change From Prior Year		
	Suburban Area	Rural Area	Cities of and over
1st 6 mos. 1981	- 6%	- 7%	+ 5%
1980	- less than 1%	+ 2%	+ 7%
1979	+ 10%	+ 13%	+ 7%
1978	+ 4%	+ 7%	+ 3%
1977	+ 5%	+ 13%	+ 3%
1976	+ 5%	+ 3%	+ 7%
1975	+ 2%	+ 8%	+ 2%
1974	+ 10%	+ 12%	+ 2%
1973	+ 10%	+ 15%	+ 1%
1972	6%	0	- 12%

Source: Federal Bureau of Investigation's Uniform Crime Reports for 1980.

FIGURE 6 - STATES WITH 45,000 OR MORE STOLEN MOTOR VEHICLES IN 1980

1980 Rank	State	1980 Thefts
1	California	174,834
2	New York	133,041
3	Texas	79,088
4	Massachusetts	60,241
5	Illinois	56,652
6	Michigan	53,979
7	New Jersey	53,563
8	Pennsylvania	49,465
9	Ohio	45,945
10	Florida	45,582
Total		752,490

Source: Federal Bureau of Investigation's Uniform Crime Reports for 1980.

FIGURE 7 - CITY THEFT REPORTS FOR 1980

CITY	MOTOR VEHICLE THEFTS	CITY	MOTOR VEHICLE THEFTS
Atlanta	4,005	Minneapolis	2,790
Boston	21,020	Newark, NJ	8,920
Chicago	30,788	New Orleans	5,581
Cleveland	14,188	New York	100,478
Dallas	7,824	Oklahoma City	3,815
Denver	5,257	Philadelphia	17,995
Detroit	22,218	Pittsburgh, PA	5,561
Hartford	5,173	Portland	2,248
Houston	28,140	Providence	3,827
Los Angeles	82,258	San Francisco	8,147
Louisville	1,848	Seattle	3,830
Miami	4,760	St. Louis	6,421
Milwaukee	3,772		

Source: Federal Bureau of Investigation's Uniform Crime Reports for 1980.

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## Thefts and Locations

In 1981 NATB participated in the investigation of 473 new theft ring cases, which resulted in the recovery of 3,993 vehicles. Ring activities continue to indicate the growing involvement of professional criminals in vehicle theft.

NATB agents directly contributed to investigations culminating in the prosecution of 1,706 persons on charges including larceny, auto theft and fraud.

### Ratio of Vehicles Stolen to Vehicles Registered

Motor Vehicle Registrations and Thefts, 1970-1980

Year	Motor Vehicle Registration*	Thefts*	Ratio of Vehicles Stolen/Registered
1970	111,250,529	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	147,281,599	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

\*Includes motorcycles, trucks.

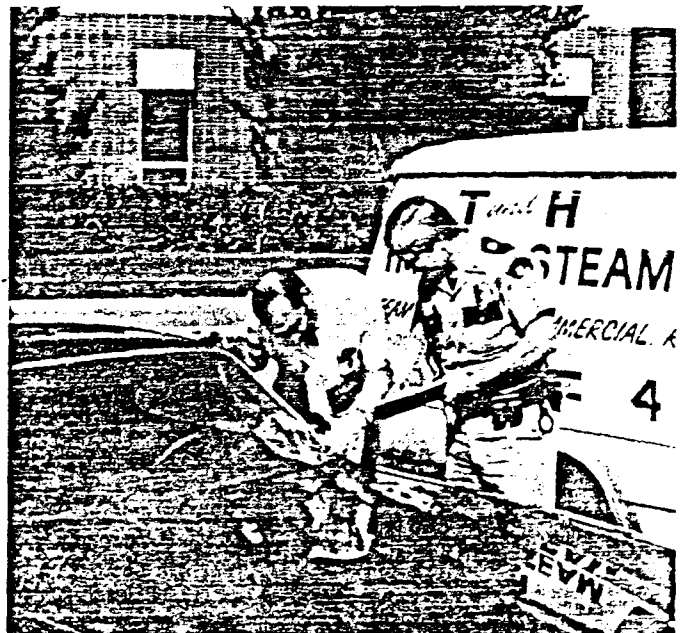
Sources: Federal Bureau of Investigation  
Federal Highway Administration

Both the number of stolen vehicles reported by member companies and the number of vehicles located increased in 1981.

Member companies reported 272,009 vehicle thefts, up 2.41 percent from 1980, of which 156,401 stolen vehicles were located.

### Locating Stolen Vehicles

DIVISION	Vehicles Stolen		Vehicles Located	
	1981	% Change From 1980	1981	% Located 1981
Eastern	119,582	+ 7.28	69,857	58.42
Pacific	32,060	- 4.50	21,313	66.48
Southern	26,353	- 2.96	13,434	50.98
Southwestern	26,022	- 2.84	13,753	52.85
Western	67,992	- 2.09	38,044	55.95
	272,009	+ 2.41	156,401	57.50



NATB agents directly participated in locating 156,401 vehicles in 1981. Fifty-seven percent of member company

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## Computer Operations

To help combat vehicle theft and fraud, NATB maintains in excess of 2.25 million on-line records in its computerized North American Theft Information System (NATIS). These active records are immediately accessible by remote terminals located across the country. Answers to on-line inquiries are returned almost instantaneously.

These on-line files provide information on automobiles, motorcycles, trucks, trailers, off-road equipment, boats, farm equipment, and uniquely identifiable parts.

When a theft report is entered into NATB's system, the report is checked for any previous history. The data bank is searched for all records such as previous recoveries, salvage, impounds, thefts, derelict records (in the State of New York), and police inquiries. The theft report is automatically edited to determine the accuracy of the vehicle identification number (VIN).

In order to assist in correcting inaccurate vehicle identification numbers and in locating owners of recovered stolen property when no other record can be found, NATB maintains over 175 million manufacturers' records of assembly and shipping. The manufacturers' record contains the correct vehicle identification number assigned by the manufacturer and the name and address of the dealer to whom the vehicle was originally shipped. This information is especially important in investigations where there is no indication of ownership and the vehicle's state of registration and where no theft report can be located.

The manufacturers' records are of help in discovering insurance and financial fraud where an attempt has been made either to insure or finance a "phantom vehicle"—a vehicle which has not been produced by a manufacturer.

The growth of NATB's immediately accessible on-line records to 2.25 million active files represents a 15.38% increase over total net records added during 1980. On-line files increased an average of 5,811 records per week for a total gain of 302,190 records. Salvage records entered in 1981 totalled 286,202, an increase of 54,574 salvage reports. Salvage reports are a major factor in the increase of on-line files.

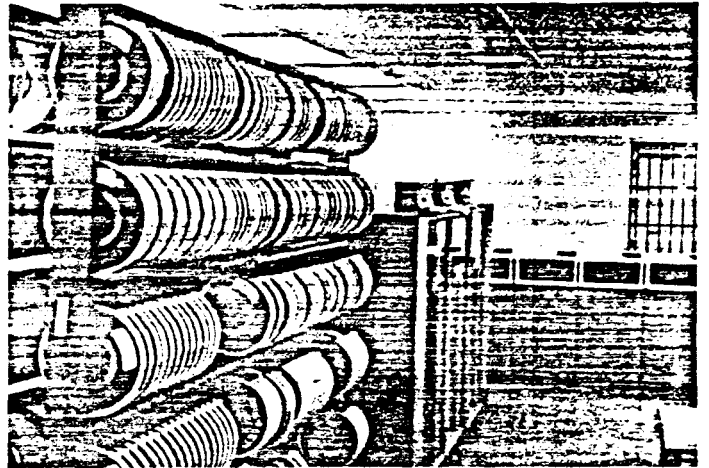
The 1981 demands on the North American Theft Information System exceeded the demands of any previous year's activities since the inception of the system. To meet increased demands on NATB's computer network, the following improvements were made in 1981:

- Changes were made to allow remote terminals to communicate twice as fast as in the past.
- Two manufacturers, one domestic and one foreign, voluntarily provided their shipping records to be included in NATB's system.

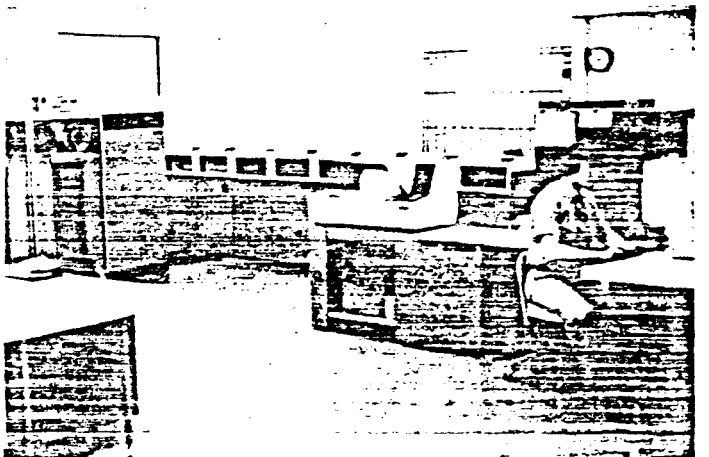
Throughout the past years, NATB's association with the International Association of Chiefs of Police

and the International Association of Auto Theft Investigators has permitted the establishment of an extensive network for exchange of data. NATB, through "theft reports," "salvage reports," and "suspect vehicle requests," provides information to State Motor Vehicle Departments; U.S. Customs; the National Crime Information Center; automobile manufacturers; the Canadian Automobile Theft Bureau; state, county, local, and foreign law enforcement agencies.

This exchange of information is extremely important, since today it is not unusual for vehicles to be stolen and transported by surface or by air across the United States in short periods of time. The problem is not exclusively interstate transportation of stolen vehicles but includes the interstate transportation of stolen, disassembled vehicle parts. Rapid exchange of information between agencies is critical. The Bureau's excellent response time to requests for information is a most important service for member companies, law enforcement, and regulators.



In order to assist in correcting inaccurate vehicle identification numbers and locate owners of stolen property, NATB maintains over 175 million manufacturers' records of assembly and shipping.



NATB maintains in excess of 2.25 million on-line records in its computerized North American Theft Information System (NATIS).



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## Training

Many law enforcement budgets will continue to be sharply reduced, adding increased importance to the dimensions of NATB's continued services in training and instructing law enforcement officers. Demands on the Bureau's manpower have made it essential that NATB compact its training seminars while maintaining their high degree of quality and efficiency.

NATB personnel participated in 971 vehicle theft, fraud, and arson training programs during 1981, reaching a total audience of almost 27,000 law officers, insurance company personnel, and members of various civic organizations.

For the first time, the Bureau co-sponsored a prosecutors' training session dealing exclusively with vehicle theft. Its purpose was to provide state's attorneys with a better knowledge of vehicle theft, open new channels of communication, and develop a better sense of cooperation between those concerned with controlling the crime.

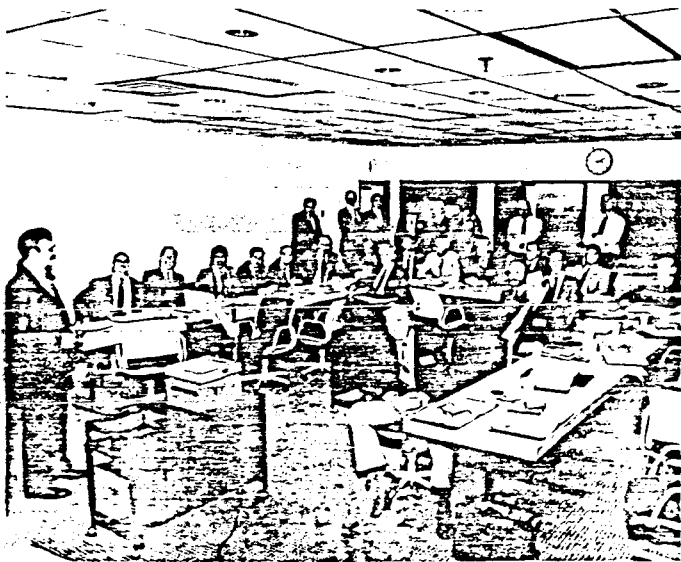
Approximately 70 local and federal prosecutors from Illinois, Indiana, and Wisconsin attended the seminar which was co-sponsored by the Cook County State's Attorney's Office, the Illinois Department of Law Enforcement, the Illinois Secretary of State's Office, and the Chicago Police Department as well as NATB. Those in attendance felt the seminar was very valuable, and other sessions are being scheduled for the future.

As in past years, NATB special agents continue to serve as instructors at police training seminars, police academies, recruit schools, colleges, universities, and insurance industry seminars. The Bureau's highly trained staff participated in 885 vehicle theft, fraud, and arson training programs for law officers, reaching a total audience of almost 22,000 law enforcement officials.

During the past year, insurance companies assigned more claim personnel to Special Investigative Units (SIUs) which specialize in the detection of fraudulent claims. To assist in establishing SIUs, special agents of the NATB provided technical instruction. In 1981 they conducted 59 training sessions for 3,320 insurance company employees including SIUs and other insurance personnel.

Vehicle arson continues to be a problem. NATB special agents conducted 27 arson training sessions for 1,642 officers and insurance specialists. A total of 192 lecture hours were devoted to arson seminars held across the country.

In addition, NATB's Manual for the Investigation of Automobile Fires was revised during 1981. The guide offers a broad outline of suggestions which may be used at the time an arson investigation is being conducted. Another Bureau publication, NATB's leaflet, "Your Car Could Be Stolen This Year," was updated. The leaflet offers car owners useful tips to help prevent vehicle theft, outlines steps that can be taken to help identify a vehicle if it has been stolen, reveals



During the past year, NATB personnel assisted in conducting 59 training sessions for 3,320 insurance company employees including Special Investigative Units and other insurance personnel. This SIU seminar was held in Short Hills, N.J.



Cook County State's Attorney Richard M. Daley welcomes prosecutors and investigators from Illinois, Wisconsin and Indiana to an all-day seminar on vehicle theft. The prosecutors' seminar was jointly sponsored by the Cook County State's Attorney, the Illinois Secretary of State's Office, the National Automobile Theft Bureau, the Illinois Department of Law Enforcement and the Chicago Police Department. Jeffrey Kent, Special Prosecutions Bureau Chief and moderator of the seminar, stands on the left.

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seriousness of vehicle crime, outlines the scope of the fraud problem, and details a checklist of information needed by law enforcement agencies and insurance companies when a vehicle is reported stolen. This leaflet serves as a training handout and as a consumer information pamphlet. Over 600,000 copies of the leaflet were distributed during the last six months of 1981.

During the past year, NATB cooperated with the Chicago Police Department in the development and production of a series of five- to ten-minute video training tapes on vehicle theft. The tapes are to be used at "roll call" training for officers in the field. The video tapes will help train officers in the fundamentals of vehicle theft investigation. Standard, basic procedures will be reviewed. The officers will be briefed on how to identify vehicles, how to use NATB for assistance, how to use NATB's Vehicle Identification Manual, the use of VINs, truck identification, heavy equipment identification, and other important investigative techniques. The video tapes are scheduled to be released in 1982, and NATB will assist in the distribution of the tapes to law enforcement agencies across the country.

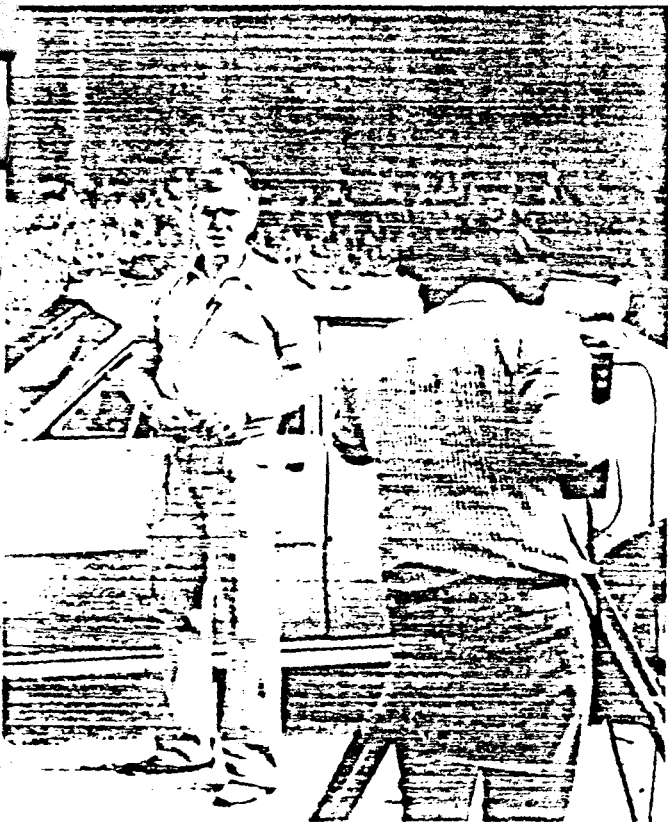
NATB personnel offered technical assistance to Associated Equipment Distributors when the association produced a 22-minute 16mm color film, "Tougher... But Worth It." The film is designed to train officers in the recovery of stolen construction equipment. Over 100 copies of the film have

been distributed to law enforcement agencies.

NATB continued to co-sponsor regional and international training seminars for the International Association of Auto Theft Investigators (IAATI). IAATI is an association of more than 1,000 professional members representing law enforcement, the insurance industry, and the automobile manufacturers. NATB president Paul W. Gilliland serves on the IAATI Board of Directors, and NATB personnel regularly assist as speakers and instructors at the seminars. NATB helps in coordinating the training sessions and assists with IAATI's media contact.

## Instruction and Presentations 1981

	# of schools or other presentations	Lecture hours devoted	No. of persons attending
Law Enforcement	827	1,713	19,773
Civic Groups	58	176	1,976
Anti-Arson Groups	27	77	1,642
Insurance Companies	59	192	3,320
	971	2,158	26,711



NATB personnel conducted 27 anti-arson schools attended by 1,642 trainees.



During 1981 NATB special agents instructed 19,773 officers in vehicle theft and fraud investigation.

2-14-83

## Salvage

A vehicle is extensively damaged, burned, or stripped. It's in a condition beyond repair and is classified as a "total loss" or "salvage."

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

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

It is very important, therefore, that member insurers report the sale of salvage to NATB in order to help control "salvage switch" operations. When a theft is entered into NATB's computer system, an immediate search is made of all salvage records on file. If an attempt is being made to obtain a theft settlement for a total-loss salvaged vehicle, the fraud capabilities of NATB's computer system will marry the alleged theft loss with the previous salvage report. This is called a salvage "hit." Salvage "hits" often trigger investigations which uncover professional theft rings and prevent extensive fraud attempts.

Insurance companies have recognized the importance of reporting the sale of salvage to NATB. The number of salvage reports from insurers increased 23.56 percent during 1981, with a total of 286,202

### SALVAGE REPORTS 1980-1981

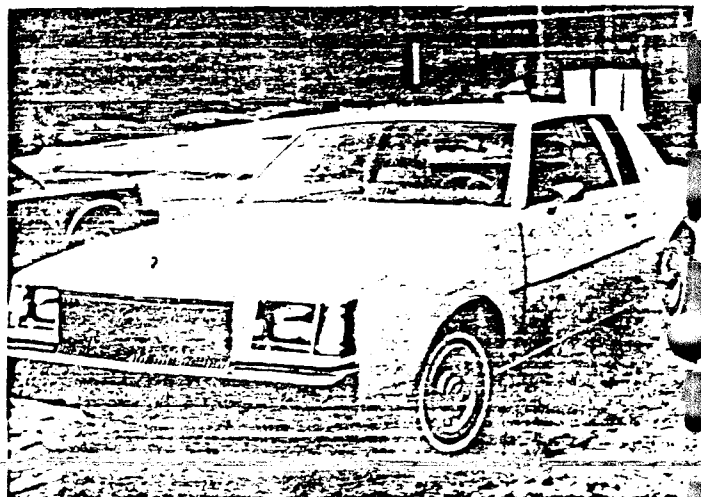
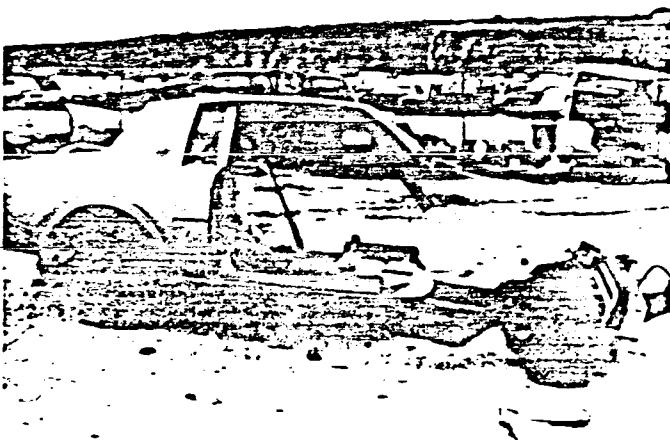
DIVISION	1981	1980	Change from 1980	% Increase or Decrease
Eastern	106,417	59,468	46,949	78.9%
Pacific Coast	33,198	31,020	2,178	7.0%
Southern	43,908	38,888	5,020	12.9%
Southwestern	37,203	29,563	7,640	25.8%
Western	65,476	72,689	(7,213)	(9.9%)
	286,202	231,626	54,574	23.6%

salvage reports entered into NATB's system. This is an increase of 54,574 salvage reports over those reported during 1980.

As NATB's data base increases in size, the system's anti-fraud capabilities become more efficient. Just three years ago, in 1978, the Bureau received 61,224 salvage reports. The increase of 367 percent of reports submitted since 1978 is testimony to the effectiveness of the system.

### State Action

For the past several years, a number of states have been attempting to control salvage through legislation and registration. Approximately one-half of the states have developed some type of salvage control. One of the major problems now facing law enforcement is a lack of standardization in the defini-



The vehicle identification numbers and the certificate of title from the salvaged car on the left were used in an attempt to disguise and sell the stolen vehicle on the right.

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## Chop-Shops

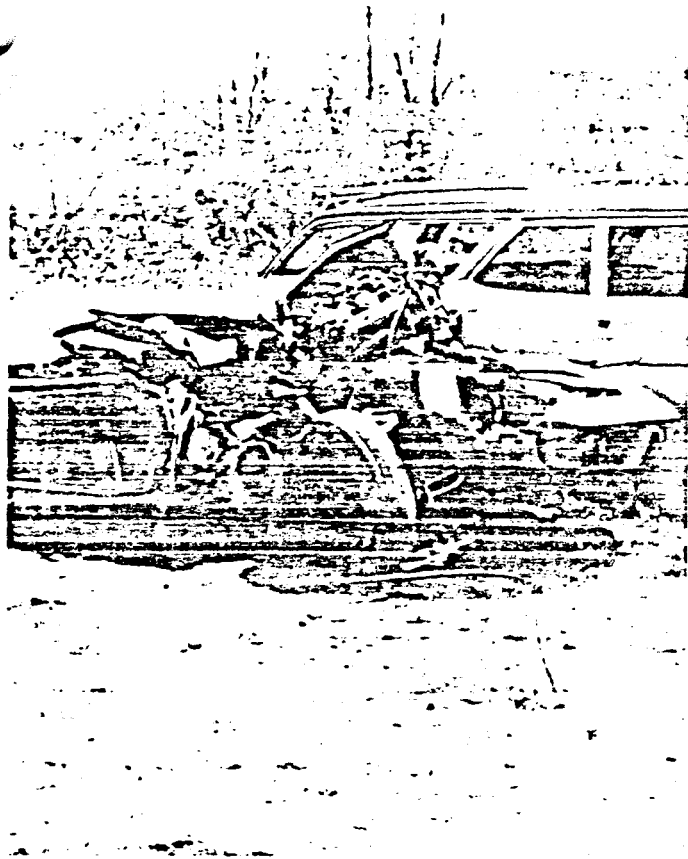
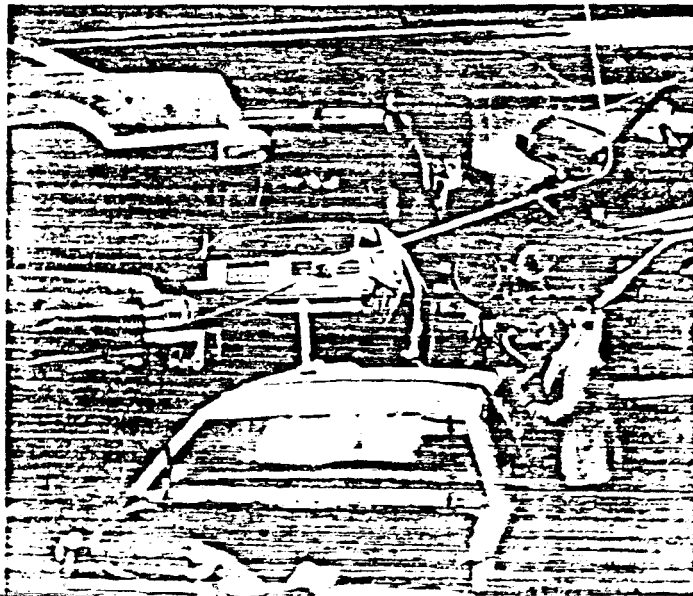
The current economy has resulted in reduced sales of new vehicles. People are driving older automobiles for more mileage, and as a result there is an increased demand for repair parts. Consequently, chop-shop operations continue to increase and are very lucrative.

The skilled chop-shop operator, working with an assistant, can completely disassemble a motor vehicle in about 20 minutes. Once separated from the vehicle, many of the major components are not identifiable and can easily and profitably be introduced into the normal flow of commerce.

During the past few years, the crime syndicate has recognized that tremendous profits can be made by organizing chop-shop operations. Key syndicate figures have taken control of chop-shop and salvage activities across the country. The struggle for control often has been violent. In the Chicago area alone there have been 24 gangland-style assassinations of organized crime figures associated with vehicle theft during the past 10 years.

NATB continues to cooperate with local, state, and federal authorities in crackdowns on chop-shops across the nation. In December, nineteen NATB specialists were flown in from across the country to assist the Federal Bureau of Investigation and local authorities in a coordinated four-state investigation of chop-shop activities. The NATB specialists assisted law enforcement in identifying recovered vehicles and parts at six locations in four states, including a warehouse in Schereville, Indiana; a garage in Terre Haute, Indiana; a motor company in Hustisford, Wisconsin; a motor company in Bloomfield, Iowa; and three locations in the Chicago area. The investigation also is focusing on at least 17 gangland murders

An NATB agent examines the remains of 49 late-model vehicles located in a Brooklyn chop-shop.



or criminals the value of a salvaged vehicle such as the "basket case" above rests in the vehicle's identification number plates and in its title document.

tion of salvage and salvage control procedures on a state-to-state basis. Loopholes are available to the criminal who wishes to manipulate title certificates.

Salvage controls, to be effective, must be initiated across the board throughout the states and should be reasonably standardized as they apply to each state and to the reciprocity and recognition of documents of foreign states. Criminals do not respect state lines, and they do not deal with venue and with jurisdictions.

If states are to keep salvage titles from being used in the sale of stolen vehicles and fraudulent insurance schemes, procedures must be enacted in every state to recover the certificate of title and all vehicles that are no longer economically roadworthy. Titles for all late-model vehicles should be exchanged for salvage certificates to be used in the sale of salvage vehicles.

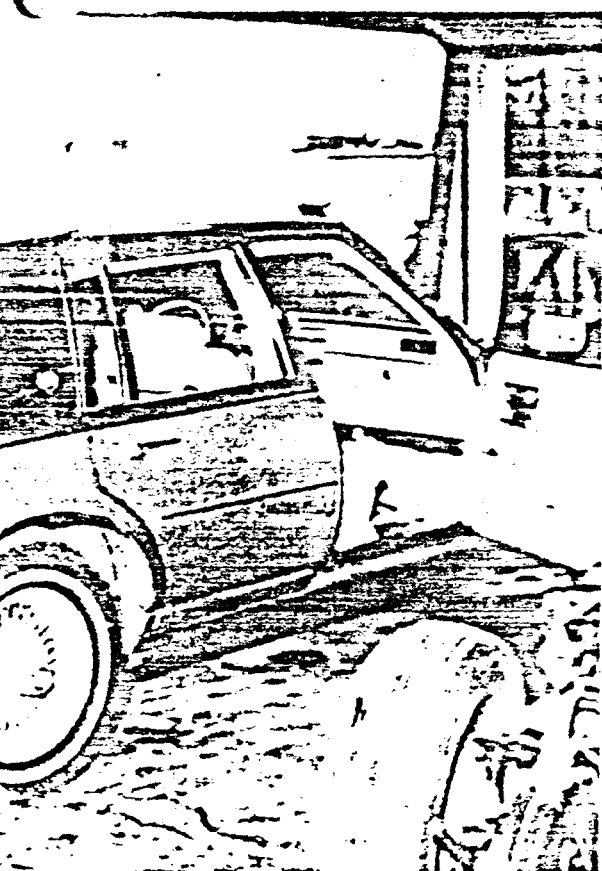
### Insurers, Protect Themselves

Insurance companies are in the unique position to eliminate many opportunities for criminals to perpetrate frauds. Insurers should surrender the titles on "basket cases" in order to keep the titles out of circulation by using available detitling procedures. In this way, insurance companies can play a very important part in controlling insurance fraud.

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Twenty-nine stolen vehicles were identified from the pile of engines and transmissions on the left. This chop-shop was operating in a junk yard.



Chop-shops come in all shapes and sizes. The owner of this garage chop-shop was netting approximately \$10,000 a year when arrested.

which authorities believe to be part of a struggle for control of the chop-shop racket.

In addition, NATB has testified before U.S. Congressional Committees that the placement of additional permanent numbers on major components would help take the profit out of vehicle crime. The marking of components would offer law enforcement the means to identify parts located at chop-shops.

During the Congressional hearings, NATB's statement pointed out that if additional permanent numbers were to be placed on components, the placement of these numbers should be made by the motor vehicle manufacturers at the time of assembly. The motor vehicle manufacturers' engineering expertise, knowledge of the numbering system, experience in past identification processes, and internal controls would be necessary to preserve the integrity of numbers placed on components.

NATB's testimony emphasized that additional numbering of components would have little impact on the theft problem unless there would be companion legislation which would make possession of parts with a removed, obliterated, altered, or replaced number a violation of the law.

The Bureau's statement pointed out that an automobile with permanently marked components would be much less desirable as a theft object since it would offer less potential profit for the thief. The increased risk of arrest, prosecution, and conviction would serve as a deterrent and reverse the thinking of the criminal who currently views vehicle theft and chop-shop operations as low-risk crimes.

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# 1981 Activities

## Fraud

NATB estimates that countrywide, 15 percent of all vehicle theft reports are fraudulent or attempts to defraud. It is absolutely impossible to place an exact percent figure on the number of frauds. In some parts of the country, the percentage is much higher; in other sections, the percentage is lower. For example, the Massachusetts Governor's Task Force estimated that in 1980 up to 25 percent of the theft reports received in the Bay State were fraudulent. At the same time, the New York Superintendent of Insurance estimated that 20 percent of the Empire State's theft reports were fraudulent.

NATB continues to focus attention on fraudulent investigations. During 1981 the Bureau increased the number of its special fraud investigations by 45 percent, with NATB agents conducting 2,896 fraud investigations.

Cooperative undercover operations, where the NATB has been a participant, report an increasing number of "owner give-ups" where the owners arrange to have their insured vehicles "put to sleep," then file stolen vehicle reports and collect on their insurance coverage.

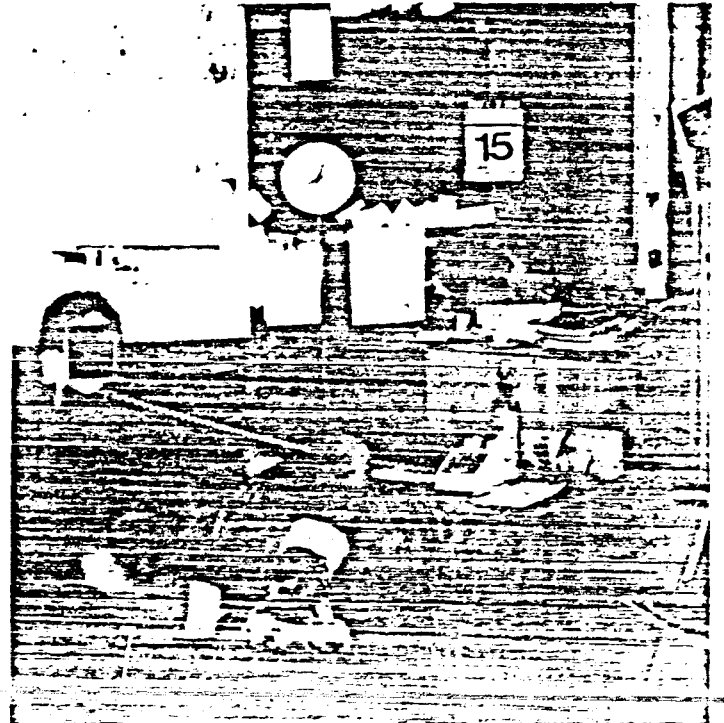
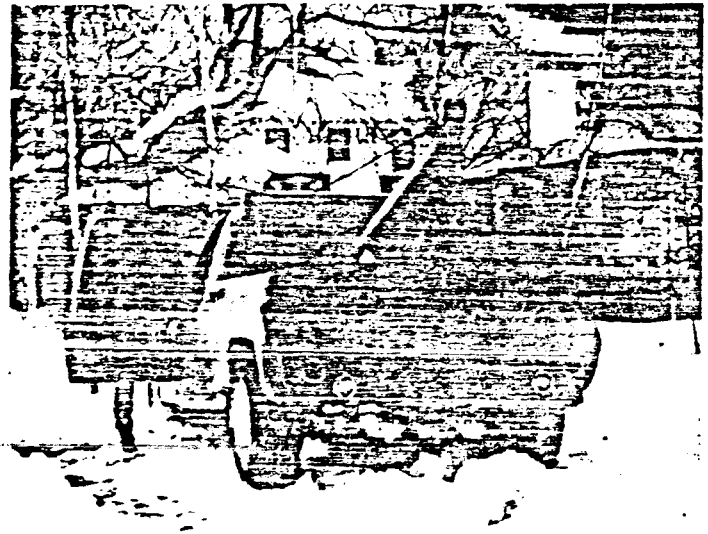
A recent Long Island undercover operation with NATB assisting from start to finish resulted in the arrests of 26 persons who had arranged to have their insured vehicles towed away with instructions to get rid of the vehicles. Undercover officers reported that reasons for customers wanting to get rid of their automobiles included: owners unable to make financial payments, extensive damage from an auto accident, a son or daughter involved in an auto accident but not covered by insurance. NATB investigators

reported that the profiles of the majority of the Long Island defrauders fit the profiles of typical suburbanites—those arrested were professional or business people, four were women, and their ages averaged between 20 and 40 years.

In Chicago six persons recently were arrested for attempted fraud. NATB agents initiated the investigation of these individuals, completed the investigation, and took their findings to the Cook County State's Attorney's Office. The state's attorneys took the Bureau's findings to a grand jury which handed down the six indictments.

At the same time, "professional" defrauders operating in conspiracies or rings continue with their profitable activities. In one operation, NATB, the Pennsylvania State Police, and local law enforcement officials cooperated in an investigation which resulted in the arrests of 23 people in connection with vehicle theft and insurance fraud. The investigation centered on auto and truck vehicles when owners allegedly had tired of keeping up loan payments. Typically, a person would tell authorities that his car was stolen when, in fact, he had sold it to another individual. The "victim" then would collect an insurance payment on the stolen vehicle. The person who bought the vehicle would then either sell the car again, using counterfeit identification, or sell the parts of the car to local salvage yards. The investigation resulted in the recovery of 22 vehicles worth about \$200,000.

During the past year, NATB agents investigated 473 theft ring cases, a number of which also involve fraud. Activity in this area increased 13 percent over the prior year, which is indicative of the seriousness of the fraud-theft problem.



NATB cooperated in a recent Long Island undercover operation which resulted in the arrests of 26 persons who had arranged to have their insured vehicle towed away with instructions to "put to sleep" the vehicle. An undercover officer (right) receives a phone order for an "owner-give-up" or "insurance job."

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## Manager of the Year



Dale A. Hudson  
NATB's Manager of the Year

Dale A. Hudson has been selected as NATB's Manager of the Year for 1981.

Hudson, head of the Southern Division, is responsible for Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

Presenting the award, NATB president Paul W. Gilliland said, "Under your leadership, the Southern Division has continued to develop and is a highly efficient organization which represents NATB in a professional manner. Your management style and the supportive activity of your division staff is recognized by the presentation of this award."

An engraved plaque was presented to Hudson at NATB's Annual Meeting. The plaque reads: "Your professional knowledge, your dedication to NATB's mission, and the example you set for the personnel of the Southern Division make you a valued member of the Bureau's leadership. I appreciate your contribution."

Hudson joined NATB in 1971 and was appointed special agent for the State of Maryland and the District of Columbia. In 1974 he was promoted to senior special agent, Eastern Division and in 1977 was promoted and transferred to Boston as chief special agent, Eastern Division. He was named Southern Division Manager in 1980. Before his promotion, he was assistant manager for the Southern Division. Prior to joining NATB, he worked five years as a member of the Virginia State Police. Previously, he served two years on the Henrico County Police Force. He attended Maryland Prince George College.

## Arson

Inflation, a tightening economy, unemployment, high gasoline costs, expensive vehicle repair costs, and financial distress are some of the problems facing many vehicle owners. Historically, the burning of a vehicle to defraud then filing a fraudulent vehicle theft report to collect an insurance payoff is the route some vehicle owners take in an effort to solve their problems.

Fire destroys thousands of vehicles each year.

Many people incorrectly assume that since vehicles contain a large amount of flammable fuel, fire could easily destroy a vehicle or even cause an explosion, but this is not true. The fuel, usually gasoline, is contained in a sealed tank. The sealed tank protects the fuel from ignition. The exception would be the accidental or willful igniting of the fuel. All other components of a vehicle are not highly flammable. The manufacturers have made it very difficult for a vehicle to burn. It's easy to conclude, therefore, that many of the thousands of vehicle fires are not accidental.

Statistics show that women do approximately one-third of all driving annually, yet less than one percent of all reported total vehicle fires occur while women are driving.

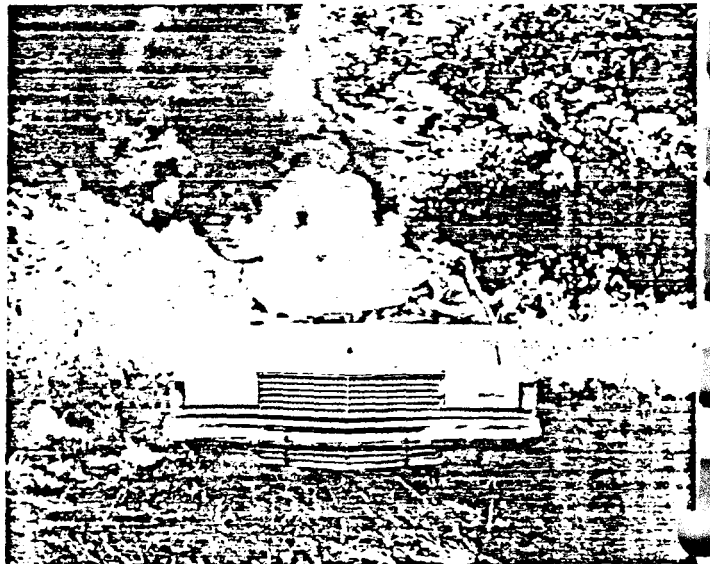
Most of the total vehicle fires (approximately 90%) involve financed automobiles.

Uninsured vehicles seldom totally burn.

Fleet-owned vehicles such as taxicabs or company-operated vehicles are driven millions of miles annually yet seldom burn totally.

During the past year, NATB has experienced an increase in reports of questionable automobile fires. In 1981 the number of requests for arson investigations completed by NATB special agents increased four percent over the prior year. During 1980 the number of requests for arson special investigations increased 67.51 percent over 1979.

NATB encourages insurance company claim personnel and law enforcement agencies, therefore, to be alert to a possible widening incidence of vehicle arson during 1982. An NATB senior special agent who has participated in a number of arson investigations warns, "Auto arson is somewhat like your front lawn. Keep it cut and you keep it manageable. Ignore it and it soon grows out of control!"



In 1981, the number of requests for arson investigations by NATB special agents increased 4 percent over the prior year. During 1980, the number of requests for arson special investigations increased 67.51 percent over 1979.

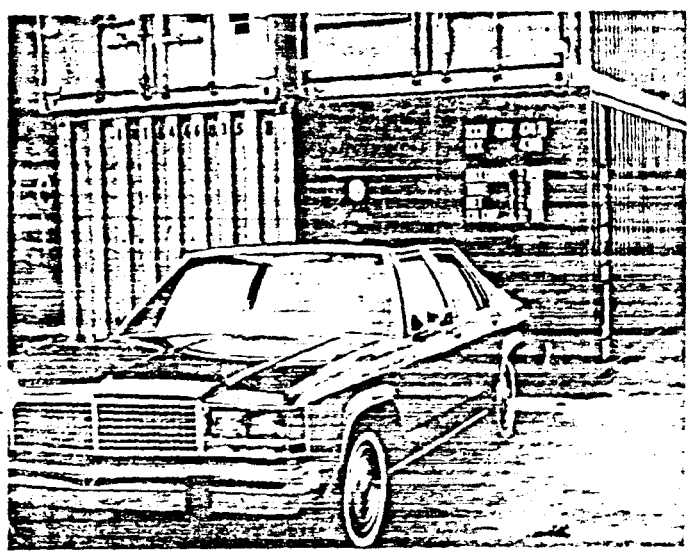
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## Thousands of Vehicles Disappear From U.S. Each Year

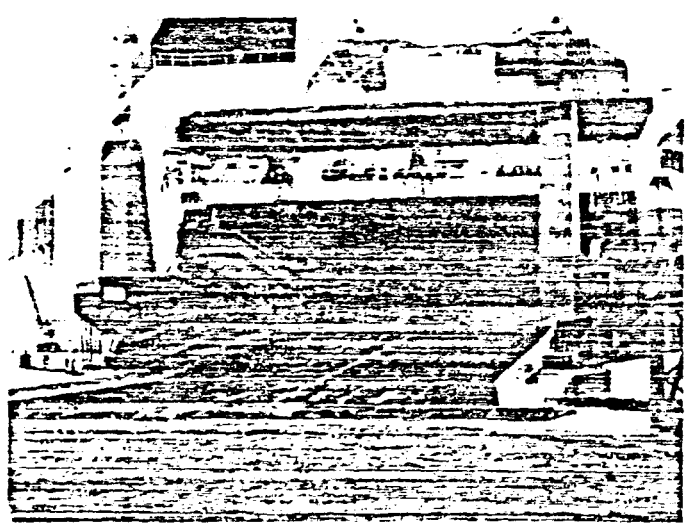
Stolen vehicles continue to be exported out of the United States each year. The exact number is unknown since there is limited control over this activity.

Late-model vehicles can be transported to dock locations in cities such as Miami, Houston or New York and can easily be placed on vessels for shipments to various non-domestic locations.

The vehicles are placed in containers or simply driven directly on board the vessels. The shipper has up to 72 hours after the vessel has sailed to report to U.S. Customs that the vehicle has been exported. He



Many vehicles are crated or placed in containers for export. The shipper does not have to provide proof of ownership or furnish a vehicle identification number.



Other vehicles are directly driven on board vessels for shipping. Shippers have up to 72 hours after the vessel has sailed to report to U.S. Customs that the vehicle has been exported.

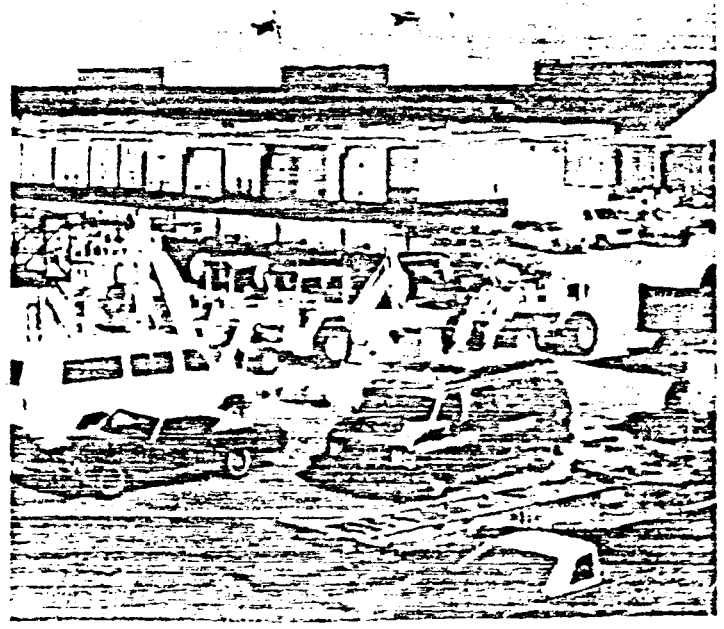
does not have to provide proof of ownership or furnish a vehicle identification number.

NATB recommends that anyone exporting a motor vehicle should at least be required to record the vehicle identification number and file an export declaration with U.S. Customs 48 hours before sailing.

Some countries do not recognize a specific document as a certificate of ownership. As a result, criminals export vehicles to foreign nations and at the same time retain the original certificates of title. The stolen, exported vehicles are registered in the foreign country, then sold. The original title documents remain in the United States and are used to defraud banks and insurance companies when the criminals then report the vehicles as stolen.

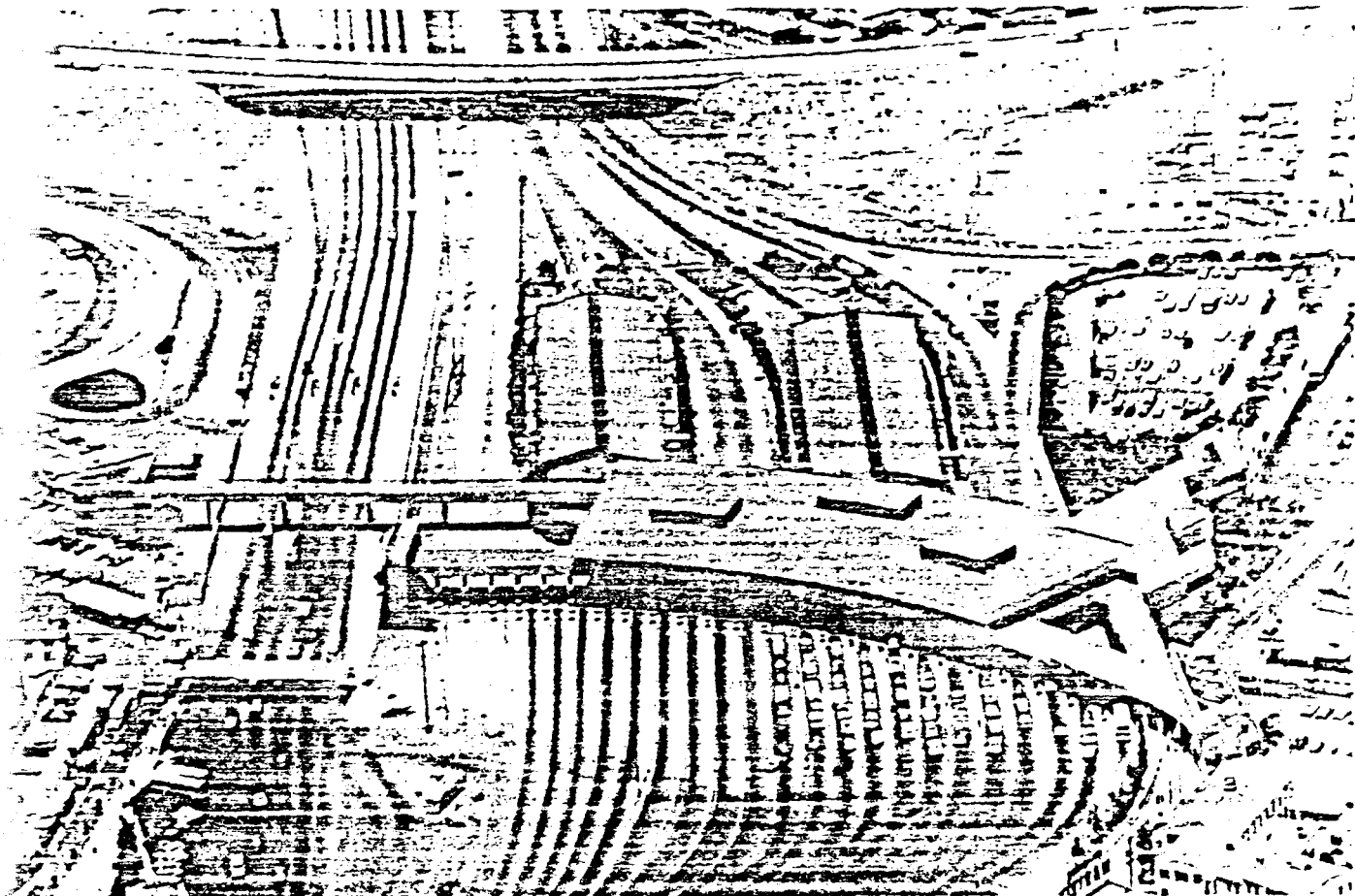
One possible way to control this problem would be to require an exporter, before exporting a vehicle from one nation to another, to surrender the certificate of title and exchange it for a vehicle passport. If this plan was implemented and the passport obtained international recognition, it could serve as a major deterrent to international vehicle theft.

Protection of a U.S. citizen's property illegally introduced into international commerce is a primary responsibility of the United States government. Controls, therefore, should be exercised on the federal rather than the state level in most situations.



Lack of existing controls have failed to deter the exportation of stolen vehicles by sea or land.





Approximately 11 million vehicles flow into Mexico each year at this port of entry at San Ysidro on the California/Mexico border.

## en Vehicles Swing th of the Border

ports estimate that the number of vehicles stolen and taken to Mexico each year could range as high as 10,000. Border authorities say that automobiles, trucks, and off-road equipment taken across the border into Mexico probably should be labeled like stolen goods: "No Return."

A designated "free trade zone" stretches along the U.S./Mexican border. The "free trade zone" on the United States' side of the border, in some cases, is restricted to the corporate limits of the border cities.

On the Mexican side of the border, the "free trade zone" in most areas extends approximately 15 miles into the interior and stretches along the entire length of the border.

Persons traveling from the United States into Mexico are permitted to enter the "free trade zone" either as pedestrians or in vehicles without having to present passports, visas, or ownership documents of vehicles.

Border officials have very few problems smuggling vehicles from the United States. U.S. Customs officials only check cars, trucks, and off-road equipment entering Mexico. A major problem facing officials from both

nations is the number of crossings each year. At one check point alone, the San Ysidro port of entry on the California/Mexican border, almost 11 million vehicles flow into Mexico each year. Other cities along the Mexican/U.S. border may have more traffic due to multiple crossing points.

The Mexican/Texas border extends 850 miles from Brownsville, Texas to El Paso. There are over 20 bridge crossings along the border for vehicle traffic. U.S. Customs in Brownsville, Texas reports that vehicle traffic for 1981 totaled over 5.2 million vehicles outbound to Mexico. NATB agents report that a large amount of heavy construction and farm equipment is exported through Brownsville into Mexico and Central America. No physical inspection is required by law enforcement, either federal, state, or municipal, prior to the equipment crossing into Mexico at the bridge crossings. Many export lots are scattered throughout the city of Brownsville and along the Mexican/U.S. border. At these lot locations, private export brokers prepare necessary documents for shipping the equipment into Mexico through Mexican Customs. The only official United States document required is a shipper's export declaration commonly

referred to as a "SEC Form" which describes the export commodity and provides its estimated value. The SEC Forms are turned in to U.S. Customs offices at each of Brownsville's two bridges. No inspection of the declared equipment is made.

Currently, because of the heavy flow of traffic, vehicles travel into Mexico without any inspection. As a result, border crossings have become unchecked thoroughfares for the transport and sale of stolen vehicles and other personal property.

Law enforcement authorities note that "This open door policy has given the criminals the idea that there are minimal risks to be taken and high profits to be gained in the disposal of stolen goods across the United States/Mexican border."

Locating and recovering stolen vehicles once they are south of the border continues to be difficult.

## Mexico to Enforce Provisions of Treaty

The Republic of Mexico started to enforce the new treaty requirements on filing procedures for the return of stolen vehicles, effective March 3, 1982.

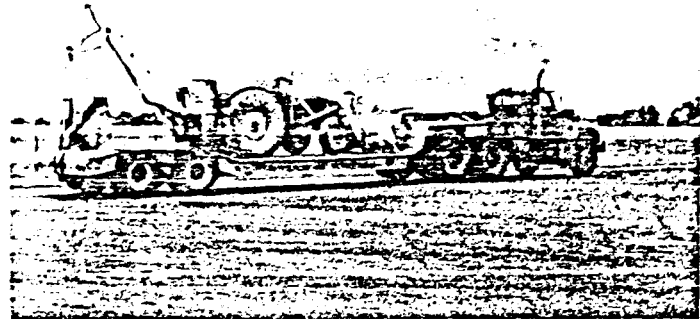
Time is important. Under filing procedure terms, there is a 45-day period for filing the necessary treaty claim after notification by the Mexican government that a specific vehicle is in Mexico. If documentation is not complete and presented within the prescribed 45-day period, the treaty claim will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

*Insurers note the 45-day limit for filing a treaty claim is important. You must assign high priority to improving the accuracy of the documentation and the early return of documents to NATB in order to meet the treaty's 45-day limitation.*

Mexican authorities do not have an established, advanced computer system similar to the system that exists in the United States.

The United States/Mexican stolen car traffic is sparked by the prospects of huge profits derived from evading stiff Mexican import duties that can range from 35 percent to 100 percent on U.S. manufactured automobiles and trucks. Automobiles manufactured by U.S. companies in factories located in Mexico carry sticker prices almost 2½ times those of the same cars made north of the border.

To help counter the problem, the United States and Mexico approved and initialed a treaty in January 1981 whereby the United States and Mexico will continue to assist each other in the recovery and return of vehicles stolen or embezzled in one nation and taken into the territory of the other country. Under the provisions of the Convention, a request for the return of a stolen vehicle would be submitted by a consular officer of the requesting state to the



Currently, because of the heavy flow of traffic, many vehicles travel into Mexico without any inspection. As a result, border crossings have become unchecked thoroughfares for the transportation and sale of stolen vehicles.

authority state having custody of the vehicle. The request would be under the seal of the consular office.

To be implemented, however, the treaty must be ratified by the Congresses of both nations. Mexico's Congress has ratified the treaty, and the United States Senate will hold hearings on ratification in the near future.

The major objective of this new Convention is to do away with much of the red tape that previously existed and speed the process for returning stolen vehicles to their proper owners. Authorities hope that provisions of the Convention also will motivate U.S. citizens not to pay bribes to Mexican citizens or authorities for the return of stolen vehicles. Not only is this practice illegal, but it encourages Mexican citizens to make further demands for this type of service. The practice of paying bribes for the return of stolen vehicles from south of the border makes it next to impossible for NATB to negotiate, on a professional basis, for the legal return of stolen vehicles.

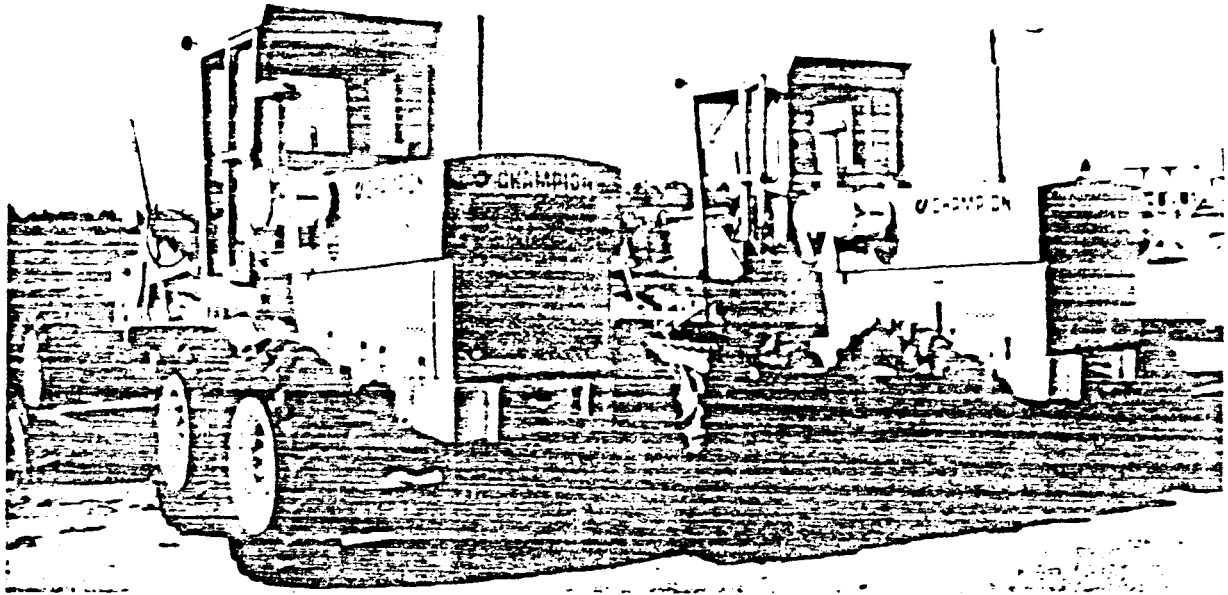
Meanwhile, NATB agents working in Mexico or along the border continue to quietly battle the stream of stolen cars and the people who steal them. Working with law enforcement agencies on both sides of the border, NATB agents conduct local negotiations to obtain the return of vehicles stolen in the United States and located in Mexico.

One indicator pointing to increased activity is the number of stolen vehicles located in Mexico. During 1981 NATB recorded 1,457 stolen vehicles located in Mexico, an increase of 22.54 percent over 1980.

NATB's Pacific Coast Division and Southwestern Division have principal responsibility for the Bureau's activity in Mexico. During the past year, 621 vehicles were returned to U.S. owners, an increase of 2.14 percent over the prior year.

Informal, cooperative efforts are continuing on the part of both nations to improve the mechanics for the return of stolen vehicles located in Mexico.

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2-14-83



NATB's off-road equipment reporting system operates on a 24-hour-a-day, 7-day-a-week basis and is national in origin. Member companies are encouraged to file all off-road equipment theft reports with the Bureau.

## Off-Road Equipment (Heavy Equipment)

The theft of heavy equipment such as bulldozers, tractors, etc. has recently emerged as a profitable enterprise of vehicle crime.

Lack of a standard system for identifying heavy equipment is a major factor contributing to the theft problem. Unlike automobiles with VINs (vehicle identification numbers), off-road equipment is not marked with a universal system. Serial number configurations and locations have not been standardized. Each manufacturer, until recently, has had its own method of marking the equipment. The result has been that it's extremely difficult to identify stolen equipment.

Moreover, off-road equipment is not sold with a title or registered like a conventional automobile. In addition, the machinery does not carry license plates.

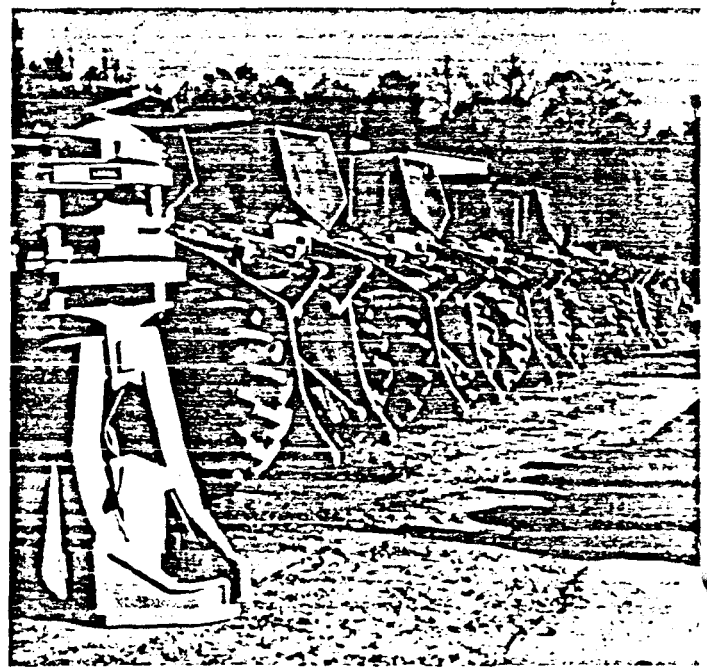
While most new off-road machines are accompanied by a manufacturer's statement of origin which describes the machine and shows the engine and product identification numbers along with a copy of the invoice for the distributor who is buying the machine, the paper trail seems to disappear after the machine has been at work for a while or has been shifted from job to job or owner to owner. Without documentation, proof of ownership is hard to establish.

Associated Equipment Distributors estimates that stolen construction equipment (excluding farm equipment thefts) annually represents a \$1 billion crime business. According to AED, "It's not unusual for a \$200,000 stolen bulldozer to move across the country without ever attracting attention. Some thieves are so care-of-themselves that stolen machines are sold just a few miles from the scene of the theft."

AED estimated that only one out of every ten stolen

construction equipment machines is ever recovered. "It's no wonder that car thieves sweat a lot more than equipment thieves," AED says. AED also notes that as much as 15 to 20 percent of stolen construction equipment goes overseas to foreign buyers or by land routes to Mexico, Central, or South America.

During the past year, there has been a lot of activi-



Estimates are that stolen construction equipment alone (excluding farm equipment thefts) annually represents a \$1 billion crime business.

ty to control the theft of off-road equipment.

The Construction Industry Manufacturers Association (CIMA), a non-profit trade association representing approximately 200 manufacturers of heavy construction machines, has moved on a voluntary basis toward standardization of the product identification number (PIN). They've produced a booklet on voluntary guidelines and suggestions for manufacturers of construction, forestry, and mining machines "to deter thefts and aid in the recovery of stolen machinery." They have cooperated with NATB in producing the commercial and off-road equipment identification manual and are exploring a continued exchange of information with the Bureau to aid in the identification of suspected stolen off-road equipment.

Associated Equipment Distributors has produced a 22-minute motion picture which offers background information in identifying stolen construction equipment. The film, "Tougher... But Worth It," has been distributed to over 100 agencies concerned with combatting off-road equipment theft. NATB served as a consultant in the production of the film.

The International Association of Auto Theft Investigators Heavy Equipment Committee continues to seek better methods of controlling the crime. NATB serves on the committee and actively participates in each of the committee's programs.

In addition, NATB continues to build its countrywide data base on stolen off-road equipment—both agricultural and construction. The Bureau encourages member companies to forward all heavy equipment thefts. NATB's records are cross-indexed by product identification numbers (PINs) and by numbers on the principal subassemblies such as transmissions and engines. NATB's off-road equipment reporting system operates on a 24-hour-a-day, 7-day-a-week basis and is national in origin. NATB can improve service by building its data bank. Member companies, therefore, are encouraged to file all off-road equipment theft reports with the Bureau.

## Boats

NATB believes the most efficient way to exercise controls on boat thefts is to make every effort to report all marine thefts to the Bureau.

Currently, NATB receives reports on marine thefts including thefts of uniquely identifiable components such as motors and other accessories. The reports are entered and cross-indexed in the Bureau's North American Theft Information System (NATIS).

NATIS operates on a 24-hour-a-day, 7-day-a-week basis and is national in origin. To assist in evaluating the marine theft reporting program, the National Systems Division of NATB is releasing a periodic report advising management of the number of boat thefts reported by an individual company.

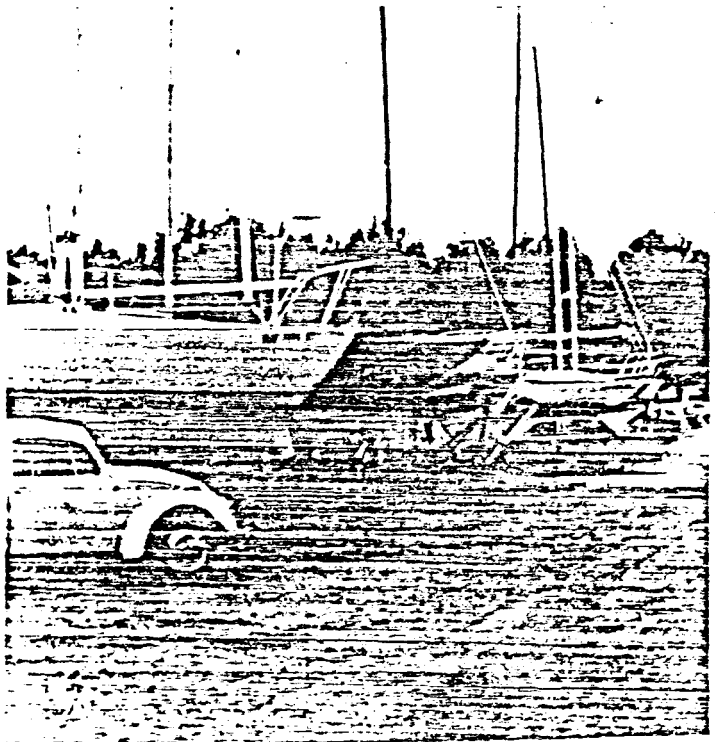
The mobility of boats and the manner in which

they are stored make them vulnerable to theft. Identification numbering of boats is inadequate. There is a lack of uniformity and standardization of titling and registration. NATB has recommended that responsible government agencies be designated to register boat ownership. The agencies should be empowered to maintain ownership records which can easily be accessed and retrieved by law enforcement officials as well as other persons concerned with controlling boat crime.

While problems associated with marine thefts have many separate and distinct causes, NATB has proposed several other recommendations to help control the problem, including:

- Standardization and improved hull identification numbers (HINs).  
While a standard for all hull identification numbers has been promulgated by the United States Coast Guard, it's very difficult to enforce compliance with the standard. The Coast Guard has limited resources and there are an estimated 7,000 boat manufacturers.
- Improve registration procedures.
- Consider titling boats.

NATB continues to encourage member company claim departments to report marine thefts. As the number of thefts reported increases, the data base will become more effective, thus benefiting insurers and law enforcement.



The mobility of boats and the manner in which they are stored make them vulnerable to theft.

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2-14-83

## International Standards Organization

NATB continues to serve as a member of the American delegation to the International Standards Organization (ISO). Those who are members of ISO work with products that are normally exchanged in international commerce. The objective of the organization is to standardize products and component parts in a way that benefits both consumers and manufacturers.

NATB is a member of the delegation working to establish a uniform world vehicle identification number. In addition to NATB, the delegation includes American, British, Japanese, Italian and Canadian vehicle manufacturers, state regulators, the Department of Transportation, the National Highway Traffic Safety Administration, the Canadian Automobile Theft Bureau, and Scotland Yard.

The delegation also is examining the possibility of recommending that all nations recognize an international vehicle passport. If the program is implemented an exporter, before exporting a vehicle from one nation to another, would have to surrender his certificate of title for the vehicle and would be issued a vehicle passport in its place. An international vehicle passport should serve as a major deterrent to illegal exports and frauds.

## Motor Vehicle Theft Law Enforcement Act of 1981

The Motor Vehicle Theft Law Enforcement Act of 1981 was introduced in Congress with Representative William S. Green (R-New York) as a principal sponsor. Companion legislation was introduced in the Senate by Charles H. Percy (R-Illinois), Alan J. Dixon (D-Illinois), Richard G. Lugar (R-Indiana), Dan Quayle (R-Indiana) and John H. Chafee (R-Rhode Island). Revisions to the proposed package of legislation were made during the year. In February 1982, the House Subcommittee on Telecommunications, Protection, and Finance of the House Committee on Energy in Commerce held a hearing. Representatives appeared and testified on behalf of the NATB, the American Insurance Association, and State Farm Insurance in support of the Act. NAIH submitted a statement of support.

## State Anti-Vehicle Theft Activities

Anti-vehicle theft activity on the state level continued during 1981. NATB personnel served as consultants, instructors, and committee members on many state anti-theft campaigns.

The Indiana Vehicle Theft Association (IVTA) was recently formed with Lt. Dallas Norman of the Indiana State Police elected as president. Organization members are from local law enforcement agencies throughout the state. Under new Indiana laws, statewide inspections of Indiana salvage yards have been conducted at periodic intervals. The IVTA, with state and local law enforcement membership, formed a statewide task force to make periodic inspections of the salvage yards. During 1981 inspections resulted in the confiscation of over 47,000 illegal certificates of title.

NATB personnel also continue to cooperate with the following state anti-theft campaigns:

- The Ohio Task Force on Auto Theft Prevention
- The Michigan Act (Anti-Car Theft) Committee
- The New York/New Jersey Act Committee
- The Pennsylvania Act Committee
- The Greater Cleveland Crime Prevention Committee
- The Mid-West Task Force on Auto Theft Prevention
- The Kentucky Insurance Council's Anti-Vehicle Theft Information Campaign
- Nevada's Snare Operation (Southern Nevada Auto Theft Recovery Endeavor)
- The Massachusetts Act Committee

## SAE

The Society of Automotive Engineers' Vehicle Security Committee is working to gather data for improving the reporting of vehicle thefts. The committee also is researching methods for developing vehicle theft data on a nation-by-nation basis.

SAE's Vehicle Component Identification Numbering Committee reviews suggestions and recommendations for the design and application of standards identifying motor vehicle components. By standards, the Committee means location, visibility, content, application and durability.

NATB is a member of both SAE committees.

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2-14-83

# Year in Review

## New Members

Albany Insurance Company  
New York, New York

Allied Insurance Company  
Philadelphia, Pennsylvania

American Special Risk Insurance Company  
Atlanta, Georgia

Atlas Assurance Company of America  
New York, New York

Bankers Insurance Company  
St. Petersburg, Florida

Bankers Standard Fire & Marine Company  
Philadelphia, Pennsylvania

Bankers Standard Insurance Company  
Philadelphia, Pennsylvania

British and American Casualty Company, Inc.  
North Massapequa, New York

California Insurance Company  
San Francisco, California

Canadian Universal Insurance, Inc.  
Providence, Rhode Island

Carlisle Insurance Company  
Los Angeles, California

Central State Insurance Company  
Lynbrook, New York

Concord General Mutual Insurance Company  
Concord, New Hampshire

Employers Insurance of Wausau A Mutual Company  
Wausau, Wisconsin

Fortune Insurance Company  
Jacksonville, Florida

Fremont Indemnity Company  
Los Angeles, California

Green Mountain Insurance Company  
Concord, New Hampshire

Hartford Insurance Company of Alabama  
Hartford, Connecticut

Hartford Insurance Company of Illinois  
Hartford, Connecticut

Hartford Insurance Company of the Midwest  
Hartford, Connecticut

Hartford Insurance Company of the Southeast  
Hartford, Connecticut

Hartford Lloyds Insurance Company  
San Antonio, Texas

Illinois Employers Insurance Company of Wausau  
River Forest, Illinois

Illinois Union Insurance Company  
Chicago, Illinois

Iowa Kemper Insurance Company  
Mason City, Iowa

New York Casualty Insurance Company  
Watertown, New York

Northbrook Indemnity Company  
Northbrook, Illinois

Northbrook National Insurance Company  
Northbrook, Illinois

Old General Insurance Company  
Shawnee Mission, Kansas

Secured Insurance Corporation  
Houston, Texas

The National Automobile Theft Bureau formulates and implements policies for the prevention of vehicle theft, vehicle arson, and vehicle fraud. NATB cooperates with duly constituted public authorities in the prosecution of individuals engaged in vehicle crime and fraud. The Bureau is an agency for the location and identification of stolen vehicles and for the promotion of anti-vehicle theft activities. NATB is a crime prevention organization supported by more than 500 property-casualty insurance companies providing assistance to law enforcement, insurance, and the public.

Member companies are welcome to reproduce any or all material in the NATB Annual Report for the information of their personnel.

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2-14-83



**President**  
Paul W. Gilliland



**Vice President-Secretary**  
James B. Allen

**Divisions**

**NATIONAL SYSTEMS DIVISION**

Myron R. Adams, Manager  
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**SOUTHERN DIVISION**

Dale A. Hudson, Manager  
P.O. Box 95008  
Atlanta, Georgia 30347  
Tel: (404) 325-3993



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2-14-83

GENE FLOWERS CRISWELL

1979 Mercedes Benz, 450 SEL, grey in color,  
Vehicle Identification Number 116033 12 100211.

1979 Mercedes Benz, 450 SL, green in color,  
Vehicle Identification Number 107044 12 062417.

1979 Mercedes Benz, 450 SL, yellow in color,  
Vehicle Identification Number 107044 12 062500.

1979 Mercedes Benz, 450 SLC, black in color,  
Vehicle Identification Number 107024 12 217012.

1979 Mercedes Benz, 450 SL, beige in color,  
Vehicle Identification Number 107044 12 062551.

1979 Mercedes Benz, 450 SL, blue over grey  
in color. Vehicle Identification Number 107024 12 017629.

Criswell has been involved in the theft of  
automobiles and the counterfeiting of automobile titles  
for a number of years. On July 19, 1978, a search of  
Criswell's papers by the California Department of Motor  
Vehicle Investigators showed a piece of paper listing  
states where vehicle identifications are least likely  
to be questioned. In addition, it should be noted that  
these states, at that time, did not have reciprocal agree-  
ments with the State of California where California  
registration was surrendered and returned to California  
when vehicles were registered there. The states are  
Nebraska, District of Columbia, Montana, Wyoming and  
Missouri.

A search of Criswell's residence at South Lake  
Tahoe, California, by the CHP and the South Lake Tahoe  
Police Department subsequent to his arrest on October 22,  
1980, revealed the following:

A xeroxed copy of a counterfeit \$100 bill.

Notation in Criswell's notes "Technicopy,  
3930 Ramona Oriental, Malibu, California.

An Indiana Driver License Number T34790.

A check of the CHP on that license reveals it to be counterfeit.  
It should be noted that on October 17, 1980, Criswell was  
given a traffic citation by the CHP using a fake Indiana  
license at the time.



NAME: Stacy Flaherty DATE: 2-14-83

ADDRESS: Box 1099, Helena, MT 59620

PHONE: 449-7917

REPRESENTING WHOM? Women's Lobbyist Fund

APPEARING ON WHICH PROPOSAL: ~~#~~ SB261

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: The Women's Lobbyist Fund believes SB261 will help consumers in clearly understanding the terms of a contract.

Since women are major purchasers of consumer goods which would be covered by SB261, we strongly support clear and coherent language in written contracts.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: JESSY M. Kirklynó DATE: 2-14-83

ADDRESS: 2842 Festival Road Helena, MT 59601

PHONE: 442-9081 (work) 227-5901 (home)

REPRESENTING WHOM? Montana Credit Unions League

APPEARING ON WHICH PROPOSAL: SB 2261

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE?

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE BILL 261  
TESTIMONY OF JEFFRY M. KIRKLAND  
VICE PRESIDENT-GOVERNMENTAL RELATIONS  
MONTANA CREDIT UNIONS LEAGUE  
BEFORE THE SENATE JUDICIARY COMMITTEE  
ON MONDAY, 14 FEBRUARY 1983

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, FOR THE RECORD I AM JEFF KIRKLAND, VICE PRESIDENT-GOVERNMENTAL & COMMUNITY RELATIONS FOR THE MONTANA CREDIT UNIONS LEAGUE. OUR LEAGUE IS A TRADE ASSOCIATION REPRESENTING 118 OF THE 121 CREDIT UNIONS IN MONTANA. NINETY-FOUR ARE FEDERALLY-CHARTERED, AND 24 ARE STATE-CHARTERED.

SENATE BILL 261 HAS BEEN SUBSTANTIALLY REVISED AND REWRITTEN SINCE IT WAS HEARD LAST WEEK IN THE SENATE BUSINESS AND INDUSTRY COMMITTEE. PRIOR TO THAT HEARING, OUR ATTORNEY AND I MET WITH SENATOR HALLIGAN TO DISCUSS OUR CONCERNS WITH THE BILL AS ORIGINALLY DRAFTED. AND WE RAISED THOSE CONCERNS IN TESTIMONY BEFORE THE BUSINESS AND INDUSTRY COMMITTEE. I AM PLEASED TO SEE THAT THE REVISED BILL HAS BEEN DRAFTED TO RESPOND TO A MAJORITY OF THOSE CONCERNS, NOT ONLY FOR CREDIT UNIONS BUT FOR ALL OTHERS WHO WOULD FALL WITHIN THE SCOPE OF THIS LEGISLATION.

SINCE OUR CONSUMER/MEMBERS ARE ALSO OUR OWNERS, CREDIT UNIONS ARE GENERALLY THOUGHT OF AS PARTICULARLY CONSUMER-ORIENTED FINANCIAL INSTITUTIONS. AND YET WE STAND IN OPPOSITION TO THE BILL. WHY?

WE SUPPORT THE CONCEPT OF CLEAR AND COHERENT (OR "PLAIN ENGLISH") CONSUMER CONTRACTS. AND WE DO NOT FEAR TO HAVE THE TERMS

AND CONDITIONS OF OUR CONTRACTS WRITTEN IN A MANNER THAT OUR MEMBERS--AND POSSIBLY THEIR EIGHTH GRADE SONS AND DAUGHTERS--CAN UNDERSTAND WITHOUT THE HELP OF AN ATTORNEY. IN FACT, AN INCREASING NUMBER OF CREDIT UNIONS ARE BEGINNING TO UTILIZE SUCH CONTRACTS AND FORMS.

HOWEVER, WE ARE UNAWARE OF ANY PROBLEMS--EITHER IN TERMS OF LAWSUITS ON THE INCREASE OR OF COMPLAINTS TO CONSUMER-ADVOCATE AGENCIES--WITH CURRENT CONSUMER CONTRACTS IN MONTANA THAT WOULD WARRANT THIS TYPE OF LEGISLATION OR JUSTIFY THE EXPENSE OF REWRITING THE NUMEROUS CONTRACTS CURRENTLY IN USE.

IF THERE IS EVIDENCE OF DEFINITE NEED FOR LEGISLATION OF THIS TYPE, I HAVE LITTLE DOUBT THAT CREDIT UNIONS WOULD WILLINGLY BEAR THE EXPENSE OF REWRITING OR REVISING THEIR CONSUMER CONTRACTS. HOWEVER, IF SENATE BILL 261 HAS ARISEN SIMPLY TO SEEK THE "IDEAL" SITUATION AND NOT TO CORRECT A PROBLEM, THEN OUR NOT-FOR-PROFIT CREDIT UNIONS, ALREADY BESET BY CONSTANTLY RISING OPERATIONAL AND PERSONNEL EXPENSES, ARE OPPOSED TO THE BILL.

A MAJORITY OF THE CONSUMER CONTRACTS AND FORMS CREDIT UNIONS CURRENTLY USE HAVE BEEN DEVELOPED BY THE CREDIT UNION NATIONAL ASSOCIATION AND ARE SOLD THROUGH THE VARIOUS STATE CREDIT UNION LEAGUES TO CREDIT UNIONS THROUGHOUT THE NATION. THAT IS, CREDIT UNIONS IN KANSAS AND MAINE USE THE SAME CONTRACTS AND FORMS THAT WE USE IN MONTANA. THAT TYPE OF VOLUME DISTRIBUTION HELPS KEEP THE COSTS OF OUR CONTRACTS AS LOW AS POSSIBLE--WHICH IN TURN HELPS KEEP OUR COST OF OPERATION AS LOW AS POSSIBLE SO WE CAN OFFER AS LOW-COST FINANCIAL SERVICES AS POSSIBLE.

HOWEVER, IF WE HAVE TO DEVELOP--OR HAVE DEVELOPED--CONSUMER CONTRACTS USABLE ONLY IN MONTANA, OUR COST PER DOCUMENT WILL OBVIOUSLY INCREASE. RATHER THAN UTILIZING THE VOLUME PURCHASING POWER OF THE NATION'S OVER 20,000 CREDIT UNIONS FOR OUR CONTRACTS AND FORMS, WE'LL BE UTILIZING THE PURCHASING POWER OF 121 CREDIT UNIONS. ADDITIONALLY, WE'LL HAVE TO PAY THE COSTS OF HAVING OUR DOCUMENTS REWRITTEN OR REVISED.

TURNING TO THE BILL ITSELF, WE HAVE SEVERAL POINTS WE WOULD LIKE TO SEE CLARIFIED, SHOULD THE COMMITTEE DETERMINE THAT THERE IS A DEFINITE NEED FOR THIS BILL. FIRST, ON PAGE 1, LINES 22-24, "CONSUMER" IS DEFINED AS "AN INDIVIDUAL WHO...OBTAINS... SERVICES UNDER A WRITTEN AGREEMENT." AND ON PAGE 1, LINE 25, AND PAGE 2, LINES 1-2, "CONSUMER CONTRACT" IS DEFINED AS "AN AGREEMENT FOR THE SALE...OF...SERVICES PRIMARLIY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES."

WOULD THAT LANGUAGE ENCOMPASS THE ESTABLISHING OF A SHARE OR SAVINGS ACCOUNT OR THE PURCHASE OF A CERTIFICATE OR SOME OTHER FINANCIAL SERVICE? THESE ARE ALL FINANCIAL SERVICES, AND A CONTRACT IS REQUIRED FOR THEIR ESTABLISHMENT.

SECOND, WOULD A SECURITY AGREEMENT BE CONSIDERED A CONSUMER CONTRACT UNDER THE DEFINITION IN SECTION 2? OBVIOUSLY, A SECURITY AGREEMENT IS A CONTRACT AND IS GENERALLY ENTERED INTO IN CONJUNCTION WITH THE NOTE.

THIRD, WHY ARE THERE TWO TESTS TO DETERMINE WHETHER OR NOT A CONSUMER CONTRACT IS WRITTEN IN "PLAIN" LANGUAGE? THE FIRST TEST DOES NOT NECESSARILY ACCOMPLISH WHAT IS NECESSARY TO PASS THE SECOND TEST. IF THAT IS THE CASE, WHICH TEST TAKES PRECEDENCE IN

A DISPUTE OR A LAWSUIT? THE FIRST TEST SEEMS TO LEAVE THE DETERMINATION OF "PLAIN" LANGUAGE TO WHOEVER WRITES THE CONTRACT-- WITHIN SOME GENERAL PARAMETERS. HOWEVER, THE SECOND TEST IS MOST SPECIFIC. IN A DISPUTE, IF THE LENDER USED THE FIRST TEST AS A DEFENSE BUT THE PLAINTIFF CONTENDED THAT HE DID NOT UNDERSTAND THE CONTRACT BUT WOULD HAVE HAD THE LENDER UTILIZED THE SECOND TEST IN DEVISING HIS CONTRACT, WHO WOULD WIN?

ON PAGE 9, LINES 8-11 INDICATE THAT A CONSUMER MAY NOT BRING AN ACTION UNDER THE ACT IF HE OR SHE WERE REPRESENTED AT THE SIGNING OF THE CONTRACT BY AN ATTORNEY. IT WOULD SEEM THAT THE "PLAIN" LANGUAGE CONCEPT IS DESIGNED SPECIFICALLY TO ALLEVIATE THE NEED FOR AN ATTORNEY DURING THE NEGOTIATION OF A CONSUMER CONTRACT. OBVIOUSLY, THAT SUBSECTION IS, BY AND LARGE, A MEANINGLESS LIMITATION ON REMEDIES.

AGAIN, WE ARE NOT AWARE OF ANY PROBLEMS IN THE STATE OF MONTANA THAT WOULD NECESSITATE THIS TYPE OF LEGISLATION. AND ALTHOUGH WE SUPPORT THE CONCEPT OF "PLAIN" LANGUAGE CONTRACTS IN AN IDEAL UNIVERSE OR TO REMEDY SPECIFIC PROBLEMS, IF SENATE BILL 261 HAS ARISEN TO SEEK THE "IDEAL" AND NOT TO CORRECT A SPECIFIC AND RECURRING PROBLEM, THEN WE OPPOSE THE BILL AND RESPECTFULLY URGE THAT THIS COMMITTEE RECOMMEND THAT SENATE BILL 261 DO NOT PASS.

# STANDING COMMITTEE REPORT

/ February 14, 1983

MR. **PRESIDENT**

We, your committee on **Judiciary**

having had under consideration **Senate** Bill No. **389**

**Turnage**

Respectfully report as follows: That **Senate** Bill No. **389**

**(Introduced Bill)**

DO PASS

*J.A.T.*