

09 - 0783



**MINNESOTA STATE PATROL
VEHICLE CRIMES TASK FORCE**

ANNUAL REPORT

2000

Executive Summary

The Vehicle Crimes Task Force investigates criminal activity involved in the sale, transfer, title and registration of motor vehicles in the state of Minnesota.

The Task Force is comprised of four field investigators, one supervisor and one half-time office staff. It is **headquartered in Brainerd with field offices in Mankato, Brooklyn Center, Nevis (by Park Rapids), and East Grand Forks.**

706 cases and tips received in 2000

334 cases closed/cleared in 2000 (an increase of 49% over 1999)

117 of those cleared cases were cleared by arrest (clearance rate of 35%)

Foreign state registration cases are 38% of the caseload

Licensed dealer investigations are 29% of the caseload

Unlicensed dealer investigations are 15% of the caseload

There are approximately **60 cases under active investigation** by Task Force investigators at any given time.

The estimated fiscal impact of cases closed/cleared in 2000 is \$598,487

The estimated victim impact of cases close/cleared in 2000 is \$4,369,589 (4.3 million)

Fiscal impact per total on-duty hour: \$67.13 (includes training, travel, office time)

Fiscal impact per investigative hour: \$355.81 (includes only investigative hours)

The Task Force estimates that **each investigator recovers approximately \$120,000 in additional tax revenue each year.** This is primarily in motor vehicle sales and registration taxes. In addition the Task Force estimates that **the victim impact of these cases averages out to almost \$874,000 per investigator per year.**

There are currently **310 cases "pending investigation"** that will not receive investigative attention without additional staff. The estimated fiscal impact of these pending cases is \$555,210 and the estimated victim impact of these pending cases is over 4 million dollars. **3.6 addition field positions will be needed to adequately serve this caseload.**

Lack of funding is the only obstacle to improvement for the Task Force. The unit currently expends approximately \$483,000 on salaries, equipment, supplies and expenses. To be adequately funded in its current form it will need \$563,000. **To be funded at the level necessary to handle the workload the Task Force will need approximately \$900,000.**

Vehicle Crimes Task Force Annual Report 2000

Tips Received and Cases Initiated in 2000	706	
Licensed Dealer Investigations	205	29.0%
New 64 (31.2%)		
Used 133 (64.9%)		
Wholesale 5 (2.4%)		
Other 3 (1.5%)		
Non-Licensed Dealer Investigations	107	15.1%
Foreign State Registration Investigations	271	38.4%
Title Fraud Investigations	69	9.8%
Other Case Type Investigations. (odometer, theft, etc.)	60	8.5%

Case Status of Cases Originated in 2000 (as of 12/31/2000)

Pending Investigation	310
Active Investigation	60
Charges Pending	2
Closed/Cleared	334

Disposition of Cases Closed/Cleared in 2000

Cleared by arrest	117
Counsel and Advised (no arrest)	115
Exceptionally Cleared (no arrest)	61
Unfounded	30
Referred to other agency	10
Prosecution Denied	1

Fiscal and Victim Impacts of Cases Closed/Cleared in 2000

Estimated Fiscal Impact of cases closed/cleared in 2000:	\$598,487.09
Estimated Victim Impact of cases closed/cleared in 2000:	\$4,369,589.48
Average Fiscal Impact of each closed/cleared case in 2000:	\$1,791.88
Average Victim Impact of each closed/cleared case in 2000:	\$13,082.60
Average annual Fiscal Impact (per investigator):	\$119,697.42
Average annual Victim Impact (per investigator):	\$873,917.90

Personnel Time Analysis

Registration Cases	190 hrs	2.7%
Licensed Dealer Investigations	610 hrs	8.6%
Non-Licensed Dealer Investigations	404 hrs	5.7%
Other Investigations	287 hrs	4.1%
Search Warrant Prep/Execution	191 hrs	2.7%
Investigative time	1,682 hrs	23.8%
Report/Case Preparation	811 hrs	11.5%
Travel	2184 hrs	30.9%
Office Time	656 hrs	9.3%
Training	114 hrs	1.6%
Meetings	348 hrs	4.9%
Other	1,264 hrs	16.6%

MISSION STATEMENTS

Mission Statement – MN Dept. of Public Safety

The mission of the Minnesota Department of Public Safety is to protect the people and property in Minnesota through prevention, regulation, enforcement, information, and service.

Mission Statement – MN State Patrol

The mission of the Minnesota State Patrol is to work together to ensure a safe environment on Minnesota's roadways.

Mission Statement – Vehicle Crimes Task Force

The mission of the Vehicle Crimes Task Force is to increase compliance with Minnesota's dealer, title, and registration laws through specialized investigation, education, and enforcement.

We will accomplish this mission using our core values of Pride, Preservation of Life, Pursuit of Excellence, Ethics, Loyalty, Professionalism and Trustworthiness.

We will develop critical partnerships in this mission with other sections of the Minnesota Department of Public Safety, with the law enforcement community, and with trade associations and other groups that share our goal of maximum compliance.

SOME INTERESTING CASES FROM 2000

Crookston Area:

A man purchased a new vehicle over six years ago from a local licensed dealer and failed to pay the sales and registration taxes. He has been driving the vehicle for over six years without license plates. The dealer never transferred the title. A VCTF Investigator conducted surveillance and found the vehicle being operated on the roadway. Charged and pled guilty to one count of Intent to Evade Taxes (gross misdemeanor) and one count of Fail to Register (misdemeanor). Owner was required to repay all sales and registration taxes.

Case status: Closed

Victim Impact: 0

Fiscal Impact: \$2,455

Forest Lake Area:

DVS Dealer Inspector notices problems during a routine inspection of a local used car dealer and calls VCTF. Investigation reveals that the dealer is in financial trouble and has neglected to transfer titles and pay over taxes collected, as well as falsified title applications to commit sales tax fraud.

Case status: awaiting sentencing

Victim Impact: \$889,275

Fiscal Impact:\$32,000

LeSueur Area:

Local used car dealer neglects to transfer titles. Investigation revealed sales tax fraud and failing to pay off security interests on trades.

Case status: charges pending

Victim Impact:\$36,571

Fiscal Impact:\$3,388

Glencoe Area:

Local new car dealer goes out of business. VCTF develops information that suggests criminal sales tax and registration activity preceded the closing. Task Force investigation revealed title and tax violations as well as bank fraud offenses. Charges are in progress with state authorities and Task Force investigators are working with federal authorities in their investigation as well.

Case status: charges pending

Victim Impact: \$498,786

Fiscal Impact: \$14,184

Duluth Area:

Local police officer buys a repossessed vehicle from a local financial institution. He fails to transfer the title and register the vehicle and paints the sticker to avoid detection. MSP seized the plates and VCTF investigators have charged him with a gross misdemeanor offense and two misdemeanor offenses.

Case status: charges pending Victim Impact: 0 Fiscal Impact: \$1,040

Moorhead Area:

Clay County man operating as an unlicensed dealer was using the dealer's license of another licensed dealer to purchase vehicles at auction. Unlicensed dealer was skipping out of transferring titles and paying sales tax. Some vehicles were sold and the titles were not transferred to the new owners.

Case status: closed Victim Impact of \$36,775. Fiscal Impact: \$10,030.

Northwest Minnesota

Licensed car dealer in NW Minnesota sold vehicles to customers allowing them to falsely claim trade ins to reduce the sales tax payment. The vehicles were then sold by the owner to other people, up to a year after they had claimed they had traded the vehicle in to the dealer.

Case status: Under Investigation. Victim Impact: \$17,000 Fiscal Impact: \$4,000

Greenbush

Case began in 1999. A new car dealer pled guilty to six felonies on Sept. 11, 2000. Dealer was sentenced to serve 6 months in jail, fined and order to pay restitution. There were 25 victims.

Case status: Closed Victim Impact: \$211,054 Fiscal Impact: \$23,522.

Minnesota, South Dakota, North Dakota, Colorado

Case began in 1999 and was closed in 2000. A group of friends and relatives living in MN, ND and SD have been VIN switching stolen vehicles with salvage vehicles purchased out of state. They have also committed insurance fraud in reporting their vehicles stolen. Task Force investigators took the lead in coordinating this case with the other agencies in four states as well as federal agencies.

Case status: Closed Victim Impact: \$55,800 Fiscal Impact: 0

History

The Minnesota State Legislature created the Vehicle Crimes Task Force in 1998 (Chapter 372; Sec 5) to investigate activity by persons engaged in the sale and registration of motor vehicles in violation of Minnesota law. In addition, the Task Force was charged (Chapter 372; Sec 6) with assisting the Commissioner of Public Safety in conducting a study to determine the extent of the foreign state registration fraud, and the number of uninsured vehicles in the state. The Task Force started in July 1998. The study was completed in 1999 and the unit is now focused on investigation of criminal activity involving the sale, transfer, title and registration of motor vehicles in the state of Minnesota.

Staffing

The Task Force consists of one unit commander/supervisor; four field investigators; and one half-time office assistant. The Minnesota Department of Public Safety, State Patrol Division, employs all. The supervisor is a State Patrol Lieutenant; the investigators are State Patrol Technical Sergeants and the office assistant is classified as an Office and Administrative Specialist – ½ time. The headquarters is in Brainerd with field offices in Mankato, Brooklyn Center, Nevis and East Grand Forks. Each investigator cleared an average of 85.2 cases in 2000. The Task Force currently has 310 cases awaiting investigation. This indicates a need for 3.6 additional field investigators to handle the existing caseload. Plans for training of DVS Dealer Inspectors, training for licensed dealers, and training for local police officers have all been put on hold until staffing levels permit. Task Force, DVS and the dealer industry all recognize the importance of these training initiatives if we are to effect positive change in the compliance of dealer, registration and title laws. A fourth field investigator will be needed to begin to address these training needs.

Funding

The 1998 Legislature provided the four investigator positions from the trunk highway fund and \$50,000 from the highway user tax distribution fund for the Task Force and study. The \$50,000 was expended in the first fiscal year in the purchase of equipment (cameras etc.); technology (computers etc.); communications (phones and pagers); travel and overtime. The commander/supervisor position and office assistant position were not separately funded and came from the State Patrol operating budget. Once the \$50,000 startup fund was expended in early 1999, all additional costs and expenses came from the State Patrol operating budget, including all operating costs in 2000. The unit costs approximately \$483,000 to operate in fiscal year 2000, including salaries, equipment, supplies and expenses. The unit needs approximately \$563,000 to be adequately funded in its current form; and approximately \$898,000 to be funded at the level necessary to handle the existing caseload. With the addition of three field investigators to handle the existing caseload, the Task Force estimates that the total fiscal impact will rise to approximately \$957,500 and the victim impact to rise to approximately 6.9 million dollars.

2000 Action

Working Closely with DVS

The Task Force continues to work closely with the Driver and Vehicle Services Division (DVS) to increase the effectiveness of the dealer inspection program. DVS underwent significant internal change and reorganization in 2000 and progress on some initiatives suffered during these changes. Late in 2000, personnel and position changes within DVS solidified and the Task Force is assisting new managers in setting goals and objectives that will improve compliance with the law, and improve service to the citizens and auto dealer industry.

Case Management

The case-screening model initiated in February of 2000 has assisted investigators in focusing their time and resources on the most significant cases in terms of fiscal and victim impact. Unfortunately, this has also resulted in more unsatisfied citizens whose cases do not reach the level necessary to receive investigative attention. Most of the screened cases involve fiscal impact of less than \$1,000 or victim impact of less than \$3,000. Many of these victims are of low income. Their car is necessary for their continued employment and they are sometimes repeatedly victimized as they attempt to keep a working car under them to provide for their families. The Task Force is frustrated that we cannot do more for these citizens.

Training of Task Force personnel

Investigators received additional training in auto theft investigation during March. The Commander attended a conference sponsored by the National Odometer and Title Fraud Enforcement Association in August. We developed many contacts at this conference and made arrangements to receive access to an investigative database at no charge to the state. All other non-mandatory training was cancelled due to budget constraints.

Training of State Patrol Field Troopers

Task Force investigators trained 534 field troopers in basic foreign state registration investigation during the Trooper's Annual In-Service Training during the fall of 2000. In addition, 37 troopers received training in basic dealer and title investigation (Motor Vehicle Crimes 101) and 25 troopers received intermediate level training in dealer and title investigation (Motor Vehicle Crimes 201). Our advanced level investigations course is on hold pending additional funding. These training courses are designed to increase the competency of the field troopers in the investigation of motor vehicle crimes in their assigned stations; and to provide a pool of qualified applicants should the Task Force be funded for additional personnel.

Licensed Dealer Enforcement

Investigation of licensed dealers accounted for 205 cases or 29 percent of the total caseload in 2000. This is an increase of 43 percent over 1999. Still the largest number of licensed dealer cases involve used car dealers, 65 percent of all dealer cases and 19 percent of the total caseload. These figures are consistent with previous experience. New dealer investigations have risen 23 percent in 2000 and are now 9 percent of the total caseload. Major cases involving new licensed dealers continue to be rare, but when encountered, can involve hundreds of thousands of dollars in losses to citizens and the state. The Task Force attributes this difference to the value of the vehicles involved with new versus used dealers.

Unlicensed Dealer Enforcement

The Task Force investigated 107 unlicensed dealer complaints in 2000, an increase of 23 percent. Unlicensed dealer continue to be a problem, both from a fiscal and a victim perspective. Many unlicensed dealers are selling lower market vehicles, frequently to low income citizens. Many of these cases do not receive investigative attention because of their low fiscal or victim impacts. The Task Force will continue to attempt to dedicate resources toward repeated unlicensed offenders, but cannot make significant progress in compliance with dealer license laws with the current staffing levels.

Foreign State Registration

Foreign state registration cases continue to comprise 38.4 percent of the Task Force caseload. While the Task Force believes that while the registration tax relief proposed by the Governor and passed by the 2000 Legislature has improved the compliance rate, there continues to exist a certain percentage of owners that will not comply with registration laws, either through arrogance or ignorance. The Task Force endeavors to educate the misinformed and prosecute the willful violator. Precise data on compliance rates is nearly impossible to calculate and any comparison from year to year is unreliable. The continued flow of complaints and tips leads the Task Force to believe that we still cannot achieve maximum compliance of registration laws without vigorous enforcement. The types of cases investigated and the fiscal impact of those cases leads the Task Force to conclude that it is still cost effective to provide increased enforcement of title and registration laws.

Stolen Vehicle Investigations

On October 25, 2000, the Vehicle Crimes Task Force was combined with the Auto Theft Unit and other special investigation units to create the Investigative Services Section. With this change came the addition of Sgt. Dennis Roske to the Vehicle Crimes program. Sgt. Roske is a 30 year veteran of the State Patrol with over 15 years of auto theft investigation experience. Sgt. Roske will continue to coordinate the department's auto theft investigations; and provide technical assistance to other departments with their

investigations. Task Force investigators are receiving more training and experience in auto theft cases as they are so closely tied to title and dealer crimes.

At the end of 1999, the Task Force looked ahead to 2000 with the following initiatives:

1. To develop a case screening model to focus limited resources
2. Request additional field staffing
3. Request additional office staffing
4. Request a field accessible dictation system
5. Upgrade computer technology
6. Upgrade case management software

The case-screening model was developed and implemented in February 2000. It continues in use today. The other initiatives have all fallen victim to funding problems and have not been fulfilled.

Looking Ahead to 2001

The Vehicle Crimes Task Force workload will continue to exceed its allocated resources in 2001. The lack of funding will adversely impact its ability to provide the level of service to its customers that it desires. Management will be focused on providing the best service with the available resources and in identifying additional sources for funding for the unit. U.S. Dept of Transportation grants and other grant sources will be explored as a funding source for training and conferences, but grants are a band-aid solution to a serious funding shortfall.

While the Task Force recovers a significant amount of avert taxes during the year, none of these funds are returned to the State Patrol to cover the operating expenses of the unit. Sales taxes recovered are paid into the general fund while registration taxes collected are paid into the highway user tax distribution fund. Allocating additional revenue from these funds could assist the Task Force in its mission of providing service to the public and to the industry; while continuing to maintain its fiscal value to the state.

Computers and technology purchased during the start-up in 1998 is now becoming obsolete and unreliable. Without the funds to replace this equipment, the investigators will spend an increased amount of time dealing with computer and equipment problems and less time on investigation of cases. This will result in decreased job satisfaction and morale, and a corresponding decrease in productivity.

The Task Force will continue to work closely with DVS to coordinate the department's service to citizens and to the dealer industry. As DVS grows through its reorganization, the Task Force will be ready to assist with training and support for DVS field operations. The Task Force realizes that any plan for the improvement in service must include effective dealer customer service, effective dealer inspection, and sufficient enforcement resources to ensure compliance with statutes and department regulations. By working together, we can make it happen.