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2002 Annual Report

Vehicle Crimes Task Force

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Commander, Investigative Services Section

The Vehicle Crimes Task Force (VCTF) was created by the 1998 Legislature and continues to have only four field investigators assigned, yet is tasked with covering the entire state. Two members are assigned to the metro area, one in Brainerd, and one in East Grand Forks. The four investigators are assigned to and supervised by the Investigative Services Section Commander. The focus of the VCTF is to investigate criminal activity in the sale, transfer, title and registration of motor vehicles in the state of Minnesota. Very few other law enforcement agencies are able to investigate these types of crimes due to technical knowledge and staffing.

- A total of 339 new cases were received in 2002. Early media campaigns when the VCTF was initially set up gave us a high number of tips. Due to staffing shortages the VCTF was unable to investigate the huge volume of tips with only one victim or having limited fiscal impact.

Tips Received		
2002	2001	2000
339 (+27%)	265	706

- Licensed dealer investigations are 25% of the total caseload.

Licensed Dealer Investigations		
2002	2001	2000
85 (25%)	94 (35%)	204 (29%)

- Unlicensed dealer investigations are 20% of the total caseload.

Unlicensed Dealer Investigations		
2002	2001	2000
67 (20%)	49 (18%)	107 (15%)

- Foreign State Registration investigations are 20% of the total caseload

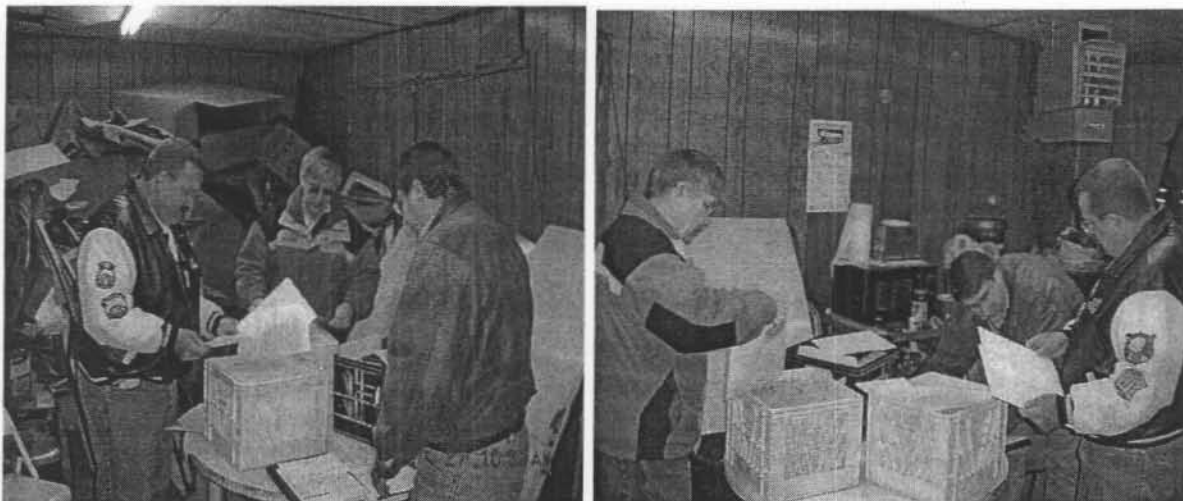
Foreign State Registration Investigations		
2002	2001	2000
70 (20%)	32 (12%)	271 (38%)

An additional 76 cases (22%) were initiated where the buyer had difficulties in obtaining a title for the vehicle. Some of these were from dealers but the initial complaint was insufficient. The Victim Impact for these cases was in excess of \$306,000. Fourteen cases (4%) were for odometer fraud with a Victim Impact of \$112,000+.

- These closed cases have been through the court system during the calendar year, and several major cases are still pending. The average Victim Impact per case closed in 2002 was \$15,231.13. The averaged Fiscal Impact per case closed in 2002 was \$1,798.50.

Closed Cases				
	2002	2001	2000	1999
Est. Fiscal Impact	\$287,761	\$269,301	\$598,487	\$574,696
Est. Victim Impact	\$2,436,982	\$1,855,216	\$4,369,589	\$1,220,152

The VCTF personnel continue to work incoming tips from the public and assist local law enforcement agencies and other troopers. VCTF postings at DVS and local law enforcement agencies, and word of mouth remain the primary manner in which citizens learn about this service provided by the State Patrol. The complexity of the cases worked by the VCTF is increasing yearly, but frequently involve familiar people from previous investigations. Increasingly the VCTF is being asked to partner or work in collaboration with local police and sheriffs departments. The investigative resources and experience of the VCTF personnel in these time consuming and complex cases are critical to the success of the investigation.



Incoming tips from the public are called into a toll free number (1-800-593-5000), faxed, or mailed. The priority system that was implemented in the past two years has efficiently facilitated the prioritization of tips and eased the investigatory process. Prior to the implementation of this procedure many victims would never follow up with investigators requests to supply statements, paperwork, and details of their cases. This would significantly reduce the amount of time the VCTF personnel could spend in actual investigation.

Larger and more complex cases are reaching the point that some cases are too large for the allocated resources of the VCTF. Investigators are spending far more time per case than in previous years. Several cases have taken over a year to complete and are taking another 12-18 months to be charged. For many violations, the statute of limitations is only three years.

Priority A - 25 or more victims

More than \$100,000 victim impact

More than \$10,000 fiscal impact

Priority B - 10-25 victims

\$50,000 to \$100,000 victim impact

\$5,000 to \$10,000 fiscal impact

Priority C - 2 to 9 victims

\$3,000 to \$50,000 victim impact

\$1,000 to \$5,000 fiscal impact

Priority D - single victim

Less than \$3,000 victim impact

Less than \$1,000 fiscal impact

Priority A cases will be worked before all other cases, Priority B cases are worked as time permits, and Priority C and D cases are worked on only when investigators do not have A or B cases pending. All initial tips / complaints received from victims receive a letter back explaining the process so they do not have false or unrealistic expectations in regards to their case being investigated.

The tips are received and entered into the VCTF database, are assigned a case number, priority, and the fielded to the investigator. The cases remain "pending" until picked up by an investigator as their caseload allows. Cases are tracked along with suspects and fiscal impact. If more cases are initiated with the same suspect, the priority level rises accordingly and the case is more likely to be assigned and investigated. Once the cases are eventually cleared, the victim and fiscal impact are determined when the case is closed.

Case Status				
	2002	2001	2000	1999
Open	21	64	60	50
Pending	174	90	310	1,514
Closed	146	183	334	224

Cases Cleared - 2002				
	2002	2001	2000	1999
Total	192	183	334	224
Arrest	73	72	117	86
Counsel / advise	22	31	115	13
Exc. Cleared	64	53	61	89
Unfounded	27	11	30	33
Referred	5	2	10	2
Pros. Denied	1	0	1	1
Unknown	9	7	0	0

Some of the major cases with multiple victims and violations languish at various County Attorney's Offices (Hennepin, Anoka, Scott, Carver, and Freeborn) and since they aren't closed have not been added to the Fiscal & Victim Impact totals.

Pending Cases		
	2002	2001
Estimated Fiscal Impact	\$155,000+	\$130,000+
Estimated Victim Impact	\$1,855,000+	\$1,000,000+

Case Examples:

Licensed Dealers - these investigations are broken down by the category of the license held (ex: new, used, salvaged, etc.) and type of violation.

- A previously convicted felon was doing business in St. Peter under another person's license. Trade in vehicles were not showing up on the purchase agreement and purchased vehicles were being driven for 3+ months on 21 day permits and the owners were unable to get titles for the vehicles they purchased.

Fiscal Impact: \$11,743

Victim Impact: \$201,958

- After receiving a complaint that a Grant County dealer had not transferred a title and has issued multiple 21-day permits the VCTF opened an investigation. A search warrant produced evidence showing the dealer had failed to transfer titles to residents, transferred titles excessively late on a consistent basis, failed to deliver titles to non-residents, sold vehicle warranties that did not exist, and charged customers interest as high as 23% without having a sales finance license. The dealer was charged with 14 counts, including Theft by Swindle, gross misdemeanor vehicle sales finance violations, and misdemeanor Failing to Transfer Titles. Since the original investigation other victims have come forward and other felony sales tax charges are pending.

Fiscal Impact: \$673

Victim Impact: \$83,131

- A subject who had been convicted of title fraud in South Dakota obtained a dealers license in Otter Tail County and then sold vehicles and held onto the titles until the last payment had been made ("top drawer financing"). When the title was finally transferred to the owner he claimed a lower dollar amount on the sale price and kept the extra sales tax due to the state.

Fiscal Impact: \$8,000

Victim Impact: \$100,000

- A major case still partially under investigation, a licensed used car dealer in Anoka County was found to be allowing dozens of people to operate unlawfully under his license. Hundreds of vehicles were purchased by independent salespersons and sold in Pine, Anoka, Ramsey, Hennepin, Sherburne, and Wright counties. Several of the unlicensed independent operators have been charged, in just one case involving 8 vehicles valued at over \$39,000 resulted in a fiscal recovery of \$3,904.50.
- A tip was received from a subject living in Itasca County stating that he had purchased a new boat and trailer from a dealer over 5 months before and had not yet received any title or registration. The complainant contacted the dealer by phone and with a letter, but was given a run around. A VCTF investigator made a call to the dealership and later that same day the dealership transferred ownership and paid the sales tax and registration they had collected over to the state. The dealer was charged with Failing to Transfer Title Within 10 Days.

Fiscal Impact: \$677.50

Victim Impact: \$18,500

Non-Licensed Dealers - these investigations involve the selling of vehicles without a Dealers License. The individuals who do this are generally the typical "con man" and take advantage of the people who can usually least afford it. It's unfortunate that many of these cases aren't investigated due to the low number of victims and low fiscal / victim impact that don't reach the threshold set up by our priority system.

- A subject obtained a dealers license using an address in Mora and "franchised" it out to 6 other people who then bought vehicles at auctions in the metro area without paying sales tax or transfer fees. The subjects would then sell the vehicles in the metro area, often in the lot outside of the auction, instead of the location in Mora where they obtained the license to conduct business. Since 1999 over 1,500 vehicles have been bought and sold this way by these individuals. Using the purchase price paid for these vehicles, they would owe the State of Minnesota over \$112,000 for motor vehicle sales tax and \$26,985 for title transfer fees. Since the only "victim" is the State of Minnesota, prosecutors have been reluctant to pursue this.
Fiscal impact: \$139,000
- A metro based NLD was charged with 5 felony counts involving theft by swindle and sales tax evasion in Anoka County. The subject was charging sales tax and failing to remit it while jumping himself out of the title chain. This individual was later arrested by warrant after arranging for the purchase of a 2003 Hummer H2 from a Detroit Michigan dealer by posing as a licensed dealer. He was required to immediately title and pay sales tax. The same subject was further charged for drug possession , felon in possession of a handgun and the \$60,000 Hummer was seized by drug task force personnel.
Fiscal Impact: \$4,600
- A non-licensed dealer living in Otter Tail County sold vehicles and vehicle parts without a license and made it a practice to jump titles. The subject would not provide the title to the buyer or transfer the title to the buyer until the buyer made the final payment. The owner was charged with Not Having a Dealers License.
Fiscal impact: \$2,971 Victim impact: \$32,346

Foreign State Registration - a new system has been installed to pass some of the tips on to District troopers stationed in the vicinity of the complaint. This allows the road troopers to get variety in their activity and daily duties and allows the VCTF to focus on the cases with multiple victims. In 1999 it was estimated that 35,000+ vehicles were being registered out-of-state at a fiscal loss of approximately \$6,800,000. The study concluded that it was cost effective to provide increased law enforcement of titles and registration laws.

- Two separate FSR cases currently under investigation involve new, high value and/or luxury vehicles being titled in Oregon and Florida. Over a dozen vehicles are involved with some valued at over \$80,000. It is anticipated that the fiscal recovery will top \$40,000.
- A husband and wife living & working in Mora bought two vehicles from a local dealership and licensed them in Wisconsin. The investigation revealed that on the application for financing them claimed to garage them in Mora. They were charged with No Minnesota Registration. Fiscal Impact: \$4,000
- A NW Minnesota resident titled and registered two vehicles to a North Dakota address and domiciled the vehicles in Minnesota. He claimed a homestead credit at his Minnesota residence since 1992 and his children were attending Minnesota public schools. The owner was charged with two gross misdemeanors for Attempting to Escape Motor Vehicle Tax. The owner was required to repay sales tax and registration due. Fiscal impact: \$4,201.6
- A Minnesota resident living in Marshall bought salvaged vehicles, repaired them and then titled and registered them in his name to a grocery store in South Dakota. The investigation also revealed that he was buying the vehicles using a dealer's license of a Shakopee dealer. He was charged Intent to Escape Registration Tax and felony Fail to Pay Motor Vehicle Sales Tax. Fiscal impact: \$2000

Looking Ahead to 2003

Every year since the VCTF was created by the Legislature, the year-end summary included the statement "the VCTF workload will continue to exceed its allocated resources unless additional staffing is appropriated". The study that was conducted on Foreign State Registration concluded that it would be cost effective to provide increased law enforcement of title and registration laws. With the current budget forecast for the state, with additional staffing and extensive media coverage we could certainly obtain voluntary compliance from a significant percent of the violators without impacting the court system.

One solution to the dilemma of shortages on the road and not being able to take troopers off their primary job to fill specialty assignments, would be to have 10-12 troopers across the state assigned as technical sergeants and be tasked with "investigations" of all types - VCTF cases and background investigations when we are hiring for the Academy or other sensitive positions within the State Patrol. Given the terrorism concerns we are faced with, background investigations should be conducted not only on troopers, but also on Radio Communication Operators (RCO's) and clerical positions, which would have access to sensitive information. Every time we have to conduct background investigations our staffing levels in the stations are depleted for several months. This way we could conduct the background investigations and not impact station staffing levels and also have the ability to investigate the large VCTF cases and complete them in a timely manner.

The VCTF has developed a great working relationship with DVS (primarily Brian BakkenHeck) and the Attorney General assigned, Matt Frank. We meet monthly and have improved communication and streamlined work-flow issues. We also meet quarterly with private industry groups that have an interest in the sale and transfer of motor vehicles. A joint effort is being planned on how to best address problems with "curb-stoners" - people who sell without or outside of the Dealers License. Another area we are looking at is addressing the practice that dealers have used for years of where they title the vehicle in the dealers name and use it as a shuttle vehicle that is not held for resale or used as a demo vehicle and avoid paying sales tax.

Many dealers license multiple vehicles that way, as many as 20-50 vehicles for some dealers.

Several major cases languish at the County Attorney's Offices for various reasons - the State of Minnesota is the "victim", prosecutors being unfamiliar with the statutes, and staffing & prioritization at the prosecutors level. One case has 45 felony charges pending and was submitted in July 2001.

Training opportunities for the VCTF personnel have been restricted since the "no out-of-state" travel ban was imposed. Several opportunities were missed even though the funding was on grant money. The ability to network with other states and other agencies is critical to the success of many investigations and we are lacking in that area.