



U.S. Department of Justice

Office of Justice Programs

Bureau of Justice Assistance

November 8, 2012

Washington, D.C. 20531

RE: Flood-Damaged Vehicles

Dear NMVTIS Reporting Entity:

The Department of Justice (DOJ) is appreciative of your continued commitment to report junk and salvage (including total loss) automobiles to the National Motor Vehicle Title Information System (NMVTIS) as required by federal law. As you know, consumers rely on NMVTIS data to make informed used-car buying decisions to avoid purchasing potentially unsafe vehicles and to avoid paying more than a vehicle's fair market value. Therefore, your prompt and complete reporting is directly related to consumers' safety and protection from fraud.

As a result of the floods caused by or associated with Hurricane Sandy, thousands of vehicles sustained severe water damage that can make vehicles' electrical systems, including their airbag sensors, prone to failure. NMVTIS is designed to prevent certain vehicle histories, such as flood damage, from being concealed. Therefore, we must work together to ensure that the reporting requirements are met and consumers are aware of the dangers associated with flood-damaged vehicles. As part of this effort, we are working closely with the American Association of Motor Vehicle Administrators to encourage state titling agencies to take extra precautions to identify and brand flood-damaged vehicles and to query NMVTIS before issuing a title. Likewise, we must ask NMVTIS Reporting Entities to take all available steps to ensure that flood-damaged automobiles that they obtain possession of are properly identified as being so-damaged, so that they may be properly reported to NMVTIS.

The Director of the Bureau of Justice Assistance has discretion in assessing a civil penalty for violations of NMVTIS reporting requirements. Some considerations that inform the exercise of her discretion, perhaps to aggravate a civil penalty, are whether non-reporting was due to negligent or intentional action/inaction of the NMVTIS Reporting Entity and whether the associated automobiles resulted in a purchaser's being defrauded or injured. An important consideration that the Director may consider to mitigate a civil penalty is prompt reporting that shows an overall intent to maximize protections to consumers. DOJ encourages NMVTIS Reporting Entities to submit NMVTIS reports on a daily basis (or as soon as possible, even before the deadline for reporting). In light of the anticipated high volume of non-repairable flood-damaged automobiles, and the concomitant potential for widespread harm to consumers, DOJ intends to closely monitor reporting of these automobiles.

DOJ remains committed to ensuring the consumer protection benefits of NMVTIS. Thank you in advance for your efforts to ensure that information about flood-damaged automobiles is available to consumers before a vehicle is offered for resale or sold.

Sincerely,

Todd J. Brighton
NMVTIS Enforcement Coordinator

