

ARIZONA AUTOMOBILE THEFT AUTHORITY

2012 ANNUAL REPORT



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Arizona Automobile Theft Authority - Mission Statement

To deter vehicle theft through a statewide cooperative effort by supporting law enforcement activities, vertical prosecution, and public education & prevention programs.

AATA Staff

Brian R. Salata
Executive Director

Arthur Myer
Chief Financial Officer

Ann Armstrong
Public Affairs Officer

J.D. Hough
Special Investigations Lieutenant

Letter to the Governor

The Honorable Janice K. Brewer
Governor of Arizona
1700 West Washington
Phoenix, AZ 85007

Dear Governor Brewer:

It is my pleasure to share with you the continued success of the Arizona Automobile Theft Authority (AATA).

Last year, Arizona experienced another year of declining auto theft rates with 19,829 total stolen cars in 2011, a 7.8% decrease from 2010 and the ninth (9th) consecutive year for a decrease.

Overall, Arizona ranks fifth (5th) in the nation for vehicle thefts per capita (theft rate per 100,000 population) and ninth (9th) for total stolen vehicles. Additionally, the 5-year trend, comparing 2011 stolen vehicle data (theft rate) with that of 2006, showed a 65.5% drop; the 10-year trend, reflects a 68.5% drop.

In 2011, the Phoenix MSA (Metropolitan Statistical Area), which had the dubious distinction of ranking the #1 "Hot Spot" just over ten years ago, plunged down the list to 60th place. Tucson, which previously held the #2 spot, fell to #37 during that period; Yuma dropped to #119.

The AATA credits the continued decline to a variety of factors including aggressive, results-oriented approaches by the Arizona Vehicle Theft Task Force, statewide law enforcement agencies and County prosecutors. New technologies like bait cars, license plate readers and theft deterrent/recovery systems along with proactive public awareness programs have also contributed to the decreases. Overall, Arizona consumers are impacted by reduced insurance rates and personal and financial victimization.

The insurance industry has also been a vital partner in Arizona's fight to combat auto theft and related crimes across our state. The National Insurance Crime Bureau (NICB), insurance companies and their investigators are all working together with law enforcement agencies to tackle the insurance fraud aspect of auto theft investigations.

The AATA pledges to continue effective auto theft reduction programs and strategies across the state and looks forward to continued service to the citizens of Arizona.

Respectfully,



Board Chairman
Arizona Automobile Theft Authority

AATA Board of Directors

The AATA Board of Directors includes twelve (12) members, appointed by the Governor and other organizations; representatives include: two police chiefs, two sheriffs, two county attorneys, two insurance industry representatives, two members of the general public, and the Directors of the Arizona Department of Public Safety and Arizona Motor Vehicle Division.



Dean C. Butler
Chairman of the Board
Farmers Insurance Company



Sheriff Joe Arpaio
Maricopa County Sheriff's
Office



Joe Brosius
Public Member



Chief Roy W. Minter
Peoria Police Department



Matt Reed
State Farm Insurance Co.



Director Robert Halliday
Arizona Department of
Public Safety



Bill Montgomery
Maricopa County Attorney



Sheriff Ralph E. Ogden
Yuma County Sheriff's Office



Chief Daniel G. Sharp
Vice-Chair
Oro Valley Police Department



Mary Snider
Public Member



Director Stacey K. Stanton
Motor Vehicle Division



James P. Walsh
Pinal County Attorney

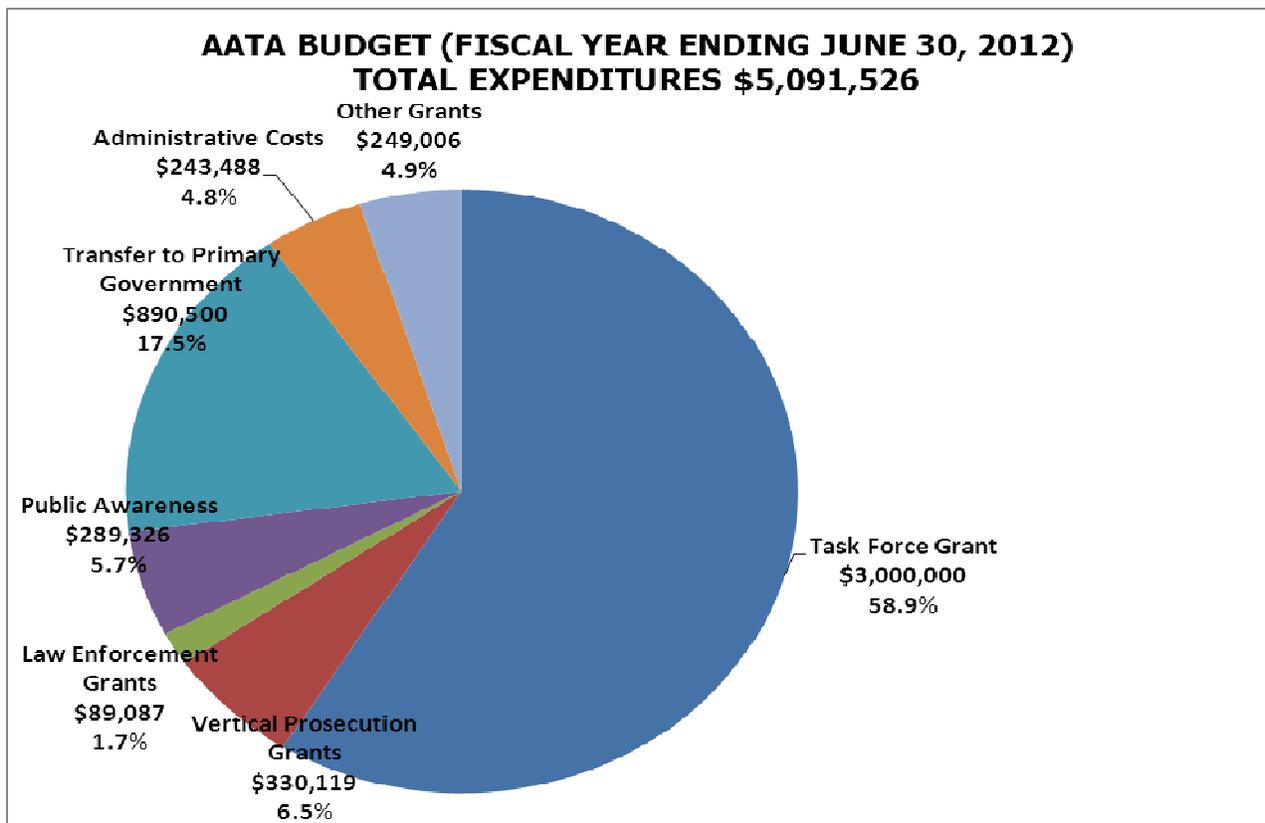
AATA Overview

The Arizona Automobile Theft Authority (AATA) was established by the Arizona Legislature in 1997 to create a statewide effort to reduce auto theft. The AATA is funded through semi-annual assessments of over 400 insurance companies doing business in Arizona and uses no tax dollars.

The foresight of the Arizona Legislature in creating the AATA has placed Arizona as the leader in methodology and effective results in combating vehicle theft. The AATA serves as a unique example of a public/private and consumer partnership and is viewed as a national and international model for effective and sustainable auto theft reduction strategies.

The agency is governed by a 12-member Board of Directors, appointed by the Governor and other law enforcement organizations. The AATA has a 4-member staff responsible for executing the Agency's strategic plan, including statewide auto theft reduction programs as well as grant funding, program review & compliance. This year, the Arizona Legislature passed Senate Bill 1042, which continues the AATA for ten years (July 1, 2022).

The AATA functions as the lead organization in a statewide network of law enforcement, criminal justice and community partners working together to combat auto theft crimes across Arizona. By focusing resources in enforcement/investigative units, prosecution efforts, and aggressive public education programs, the AATA and its statewide law enforcement partners have impacted the state's auto theft rate. Through its leadership, the AATA has been able to break down barriers of jurisdictional lines and place resources in targeted areas. The agency has implemented a methodology of cutting edge strategies, utilizing the latest technology, and constantly re-evaluating the fluid nature of the criminal organizations that dominate the vehicle theft problem in Arizona.



Motor Vehicle Theft in Arizona – Current Trends

Arizona achieved another year of declining auto theft rates in 2011 with 19,829 stolen cars, a 7.8% decrease from 2010 and the ninth (9th) consecutive year for a statewide decrease.

Arizona currently ranks fifth (5th) in the United States for vehicle thefts per capita, behind the District of Columbia, California, Washington, and Nevada; ninth (9th) in the nation for total number of vehicle thefts behind California, Texas, Florida, Georgia, Illinois, Michigan, Washington State and Ohio.

Nationwide in 2011, there were an estimated 715,373 vehicle thefts, a 3.3% decline from 2010 figures. More than \$4.3 Billion was lost nationwide to motor vehicle theft in 2011; over \$111 Million economic loss for Arizona vehicle owners.

The nature of auto theft in Arizona has significantly changed over the past decade. As an agency, the AATA has had to remain flexible and adaptable to stay ahead of the changing nature of vehicle theft in our state. To understand the nature of vehicle theft in Arizona, one must first recognize that it is primarily a crime of facilitation. Presently, vehicle theft in Arizona is dominated by organized criminal organizations, specifically the Mexican drug trafficking cartels. The drug cartels are made up of various cells that operate to facilitate narcotic, human, and weapon smuggling. The transportation cells of the Mexican Drug Cartels are involved in securing stolen vehicles to move their drug and human cargo northward. Weapons and monetary proceeds are moved southbound into Mexico using stolen vehicles.

According to the FBI's Uniform Crime Report, one-third of all vehicle thefts in the U.S. occurred in the four states bordering Mexico (California, Arizona, New Mexico and Texas), which demonstrates auto theft remains a major border crime; facilitating the trafficking in drugs, humans, currency and weapons. The Mexican drug cartels have active auto theft cells that operate in our state's metropolitan areas, acting as the transportation division of their syndicate. The AZ. Vehicle Theft Task Force and the law enforcement partners of the AATA are diligently fighting to disrupt these organized auto theft rings that permeate our border region. These auto thieves, with their ties to the drug cartels, have become increasingly brazen and violent. The AATA will continue to promote the aggressive pursuit, capture, and prosecution of these criminals that plague our state.

The insurance industry has also been a vital partner in Arizona's fight to combat auto theft and related crimes across our state. The National Insurance Crime Bureau (NICB), insurance companies and their investigators are all working together with law enforcement agencies to tackle the insurance fraud aspect of auto theft investigations.

A growing trend in Arizona and throughout the southwestern states is to use stolen or fraudulently obtained rental vehicles to facilitate the cartels dangerous and violent activities. Border States, including Arizona, are seeing an increase in rental car thefts, including SUVs, pickups, luxury sedans and sports cars. The contracts are short term rentals, which are not returned. The stolen rental vehicles are then used to smuggle guns and currency south into Mexico and transport narcotics, marijuana, and illegal aliens north. Phoenix remains a major distribution hub utilized by the violent criminal cartels that operate liberally within the United States. Stolen rental vehicles are also exported from Arizona across the international boundary with Mexico for a variety of illicit purposes.

Global theft rings have become increasingly sophisticated, using tactics of organized international crime rings who know how to steal and conceal vehicles.

Last year, the Phoenix MSA (Metropolitan Statistical Area), once ranked #1 “Hot Spot” just over ten years ago, plunged down the list to 60th place. Tucson, which previously held the #2 spot, fell to #37 during that period; Yuma dropped to #119.



2011 Hot Spots - Top 10 MSA’s with the highest vehicle theft rates:

2011 Ranking		2010 Ranking
1.	Fresno, Calif.	1
2.	Modesto, Calif.	2
3.	Bakersfield-Delano, Calif.	3
4.	Spokane, Wash.	4
5.	Yakima, Wash.	10
6.	San Francisco/Oakland/Fremont, Calif.	9
7.	Stockton, Calif.	7
8.	Anderson, SC.	33
9.	Vallejo-Fairfield, Calif.	5
10.	Visalia-Porterville, Calif.	8
<hr/>		
37.	Tucson, AZ	22
60.	Phoenix-Mesa-Glendale, AZ	56
119.	Yuma, AZ	88

**Source: National Insurance Crime Bureau 2012 “Hot Spots Report.”*



2011 Hot Wheels – Most Stolen Cars in U.S. and Arizona

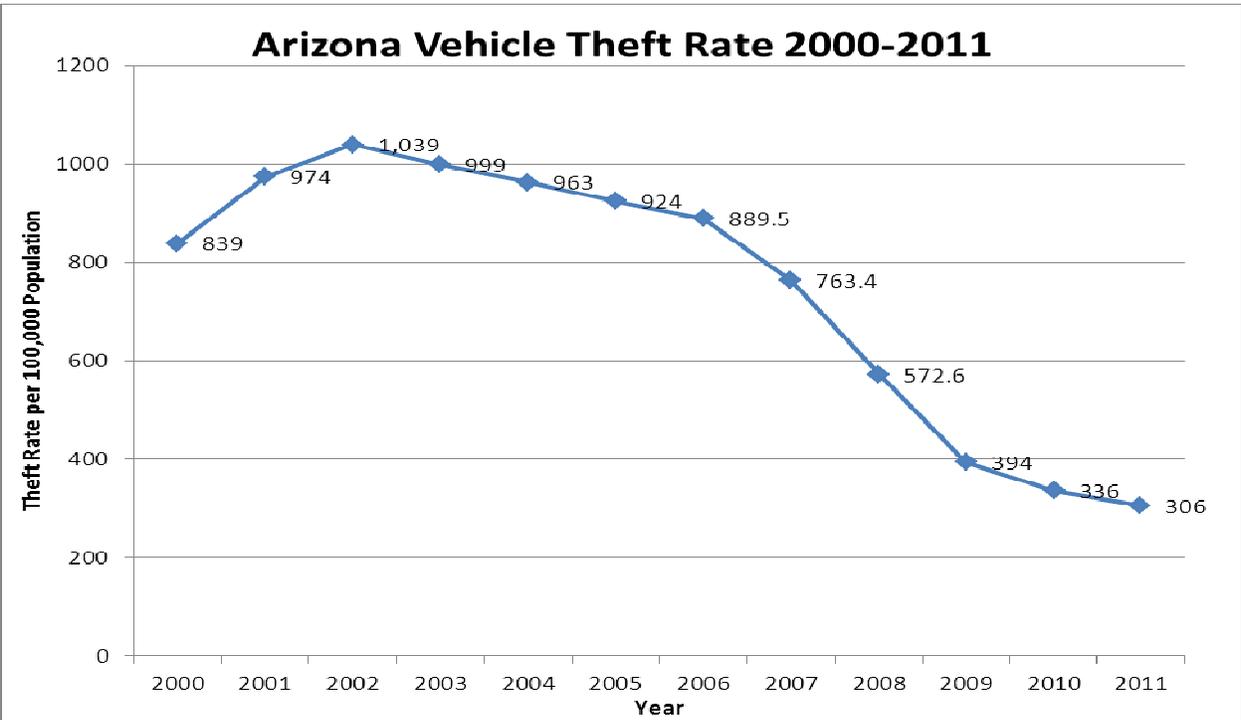
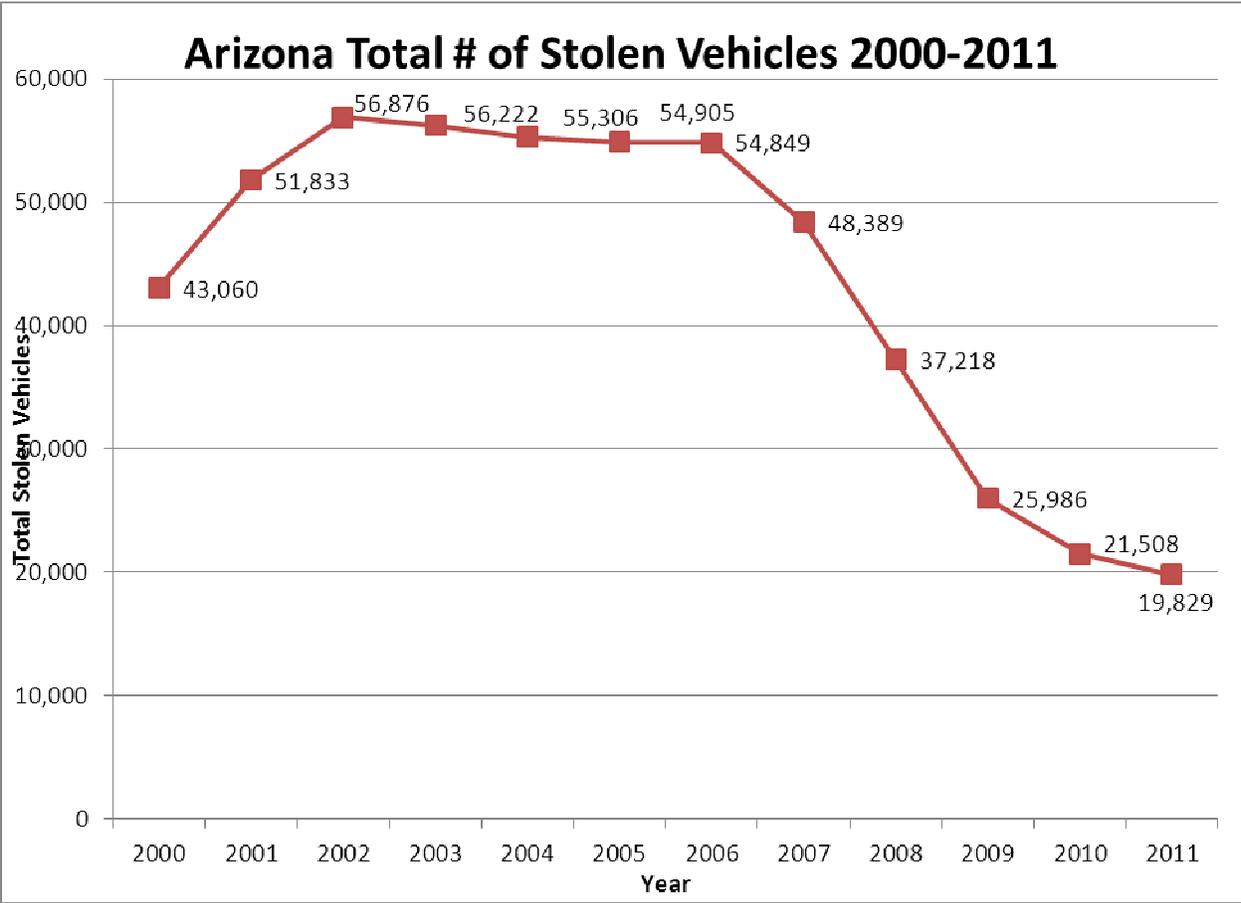
Top 10 Most Stolen Vehicles - U.S.

1. 1994 Honda Accord
2. 1995 Honda Civic
3. 1991 Toyota Camry
4. 1999 Chevrolet Pickup
5. 1997 Ford F150 Series/Pickup
6. 2004 Dodge Ram
7. 2000 Dodge Caravan
8. 1994 Acura Integra
9. 2002 Ford Explorer
10. 1999 Ford Taurus

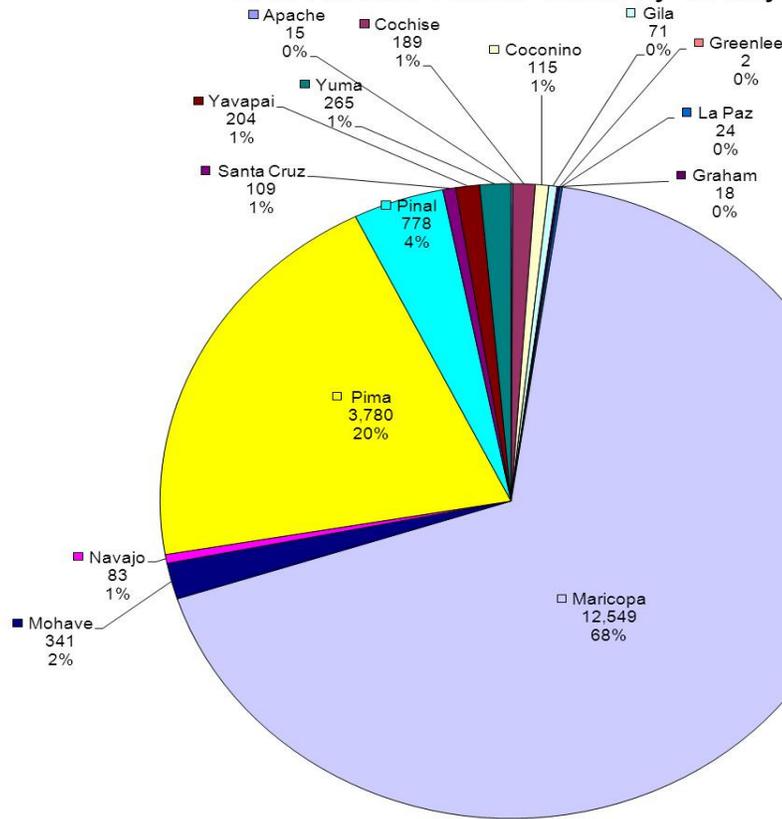
Top 10 Most Stolen Vehicles - Arizona

1. 1994 Honda Accord
2. 2005 Dodge Ram
3. 1997 Honda Civic
4. 1999 Chevrolet Pickup
5. 1997 Ford F150 Series/Pickup
6. 2003 Ford F250 Series/Pickup
7. 1997 Nissan Altima
8. 1994 Nissan Sentra
9. 2006 Ford F350 Series/Pickup
10. 2007 Toyota Camry

**Source: National Insurance Crime Bureau (NICB) – August 2012*



2011 Arizona Vehicle Thefts by County



Motor Vehicle Theft - Current Trends

Stolen vehicles are also taken to “chop shops,” where vehicles are stripped and component parts are sold to unsuspecting buyers, or unscrupulous auto repair shops. Thieves also attempt to conceal the identity of stolen vehicles by “VIN-switching” with wrecked or salvaged vehicles and then sell them to unsuspecting buyers. VIN cloning is a growing national problem. This crime is similar to ID theft where the identity (VIN #) of a good vehicle is taken and used to conceal the true identity of a stolen vehicle of an identical make and model. These vehicles are then titled in another state and sold to an unsuspecting victim. This is a crime that can be prevented through the use of a system called, NMVTIS (National Motor Vehicle Title Information System), which Arizona participates in and allows titling to instantly and reliably verify information on the paper title with the electronic data from the state that issued the title.

A new troubling trend on the rise is the theft of vehicles for the scrap metal value. Vehicles are stolen and delivered to scrap metal dealers, where the vehicles are crushed and/or shredded simply for the (nominal) value of the scrap metal. The vehicles are destroyed without title or other documentation. Unscrupulous scrap dealers are conspiring with or facilitating auto thieves in Arizona to make quick profit from the stolen vehicles that disappear without a trace. The AATA, AVTTF and law enforcement agencies are implementing new strategies to combat this growing trend.

Vehicles are also stolen and smuggled out of the country; stolen vehicles from the U.S. and other affluent countries end up in Asia, Eastern Europe, the Middle East, Mexico, Central and South America. The moderate recovery rate of stolen vehicles is an indicator of organized criminal activity and the exportation of stolen vehicles. Additionally, Interpol, the international intelligence community, has identified vehicle theft and related criminal activity, including insurance fraud, as one of the primary funding sources international terrorism.

2011 Total Vehicle Thefts by State	
CALIFORNIA	146,848
TEXAS	63,338
FLORIDA	39,621
GEORGIA	29,475
ILLINOIS	28,769
MICHIGAN	25,496
WASHINGTON	24,835
OHIO	21,068
 ARIZONA	19,829
NEW YORK	19,311
NEW JERSEY	17,415
NORTH CAROLINA	17,032
PENNSYLVANIA	16,844
MARYLAND	16,068
MISSOURI	15,317
INDIANA	14,816
TENNESSEE	14,036
SOUTH CAROLINA	13,664
COLORADO	11,047
OKLAHOMA	11,031
MASSACHUSETTS	10,786
ALABAMA	10,662
VIRGINIA	9,724
NEVADA	9,485
LOUISIANA	9,123
OREGON	9,047
WISCONSIN	8,232
MINNESOTA	8,182
CONNECTICUT	6,712
KANSAS	6,677
KENTUCKY	6,673
UTAH	6,183
PUERTO RICO	5,853
ARKANSAS	5,812
NEW MEXICO	5,408
MISSISSIPPI	4,925
DIST. OF COLUMBIA	4,456
HAWAII	4,184
NEBRASKA	4,103
IOWA	3,936
RHODE ISLAND	2,287
WEST VIRGINIA	2,254
DELAWARE	1,530
MONTANA	1,458
ALASKA	1,343
IDAHO	1,333
MAINE	1,078
NORTH DAKOTA	980
NEW HAMPSHIRE	974
SOUTH DAKOTA	946
WYOMING	521
VERMONT	49

2011 Vehicle Theft Rate – (per 100,000 Popul.)	
DIST. OF COLUMBIA	721
CALIFORNIA	389.6
WASHINGTON	363.6
NEVADA	348.3
 ARIZONA	305.9
HAWAII	304.3
GEORGIA	300.3
SOUTH CAROLINA	292
OKLAHOMA	290.9
MARYLAND	275.7
NEW MEXICO	259.7
MICHIGAN	258.2
MISSOURI	254.8
TEXAS	246.7
OREGON	233.7
KANSAS	232.5
INDIANA	227.3
ILLINOIS	223.5
NEBRASKA	222.7
ALABAMA	222
UTAH	219.5
TENNESSEE	219.2
RHODE ISLAND	217.5
COLORADO	215.9
FLORIDA	207.9
LOUISIANA	199.4
ARKANSAS	197.8
NEW JERSEY	197.4
CONNECTICUT	187.4
ALASKA	185.8
OHIO	182.5
NORTH CAROLINA	176.4
DELAWARE	168.7
MISSISSIPPI	165.4
MASSACHUSETTS	163.7
PUERTO RICO	157.9
MINNESOTA	153.1
KENTUCKY	152.7
MONTANA	146.1
WISCONSIN	144.1
NORTH DAKOTA	143.3
PENNSYLVANIA	132.2
IOWA	128.5
WEST VIRGINIA	121.5
VIRGINIA	120.1
SOUTH DAKOTA	114.8
NEW YORK	99.2
WYOMING	91.7
IDAHO	84.1
MAINE	81.2
VERMONT	79.7
NEW HAMPSHIRE	73.9

The AATA remains diligent despite the continued reduction in vehicle thefts. Arizona's proximity to Mexico and homeland security concerns mandate employing partnerships on a national and international level to curtail vehicle theft by organized criminal groups and deter exportation of stolen vehicles to finance other criminal activities and international terrorism.

Arizona stolen vehicles are utilized in every level of criminal activity from the street thieves, to the local criminal organizations, to the interstate, intrastate and international syndicates. Many of the stolen vehicles that make the way to the Arizona/Mexico border and/or into Mexico are utilized to facilitate the drug trafficking and human smuggling/trafficking trades. Those organizations involved in the operation of smuggling have a need for high capacity and/or durable vehicles. Vehicles are selected based upon their ability to haul "heavy cargo" --- large amounts of drugs and/or people.



Two people attempting to enter the U.S. in southern Arizona ended up fleeing to Mexico when their vehicle became stuck on top of the border fence.

Photo courtesy: U.S. Border Patrol



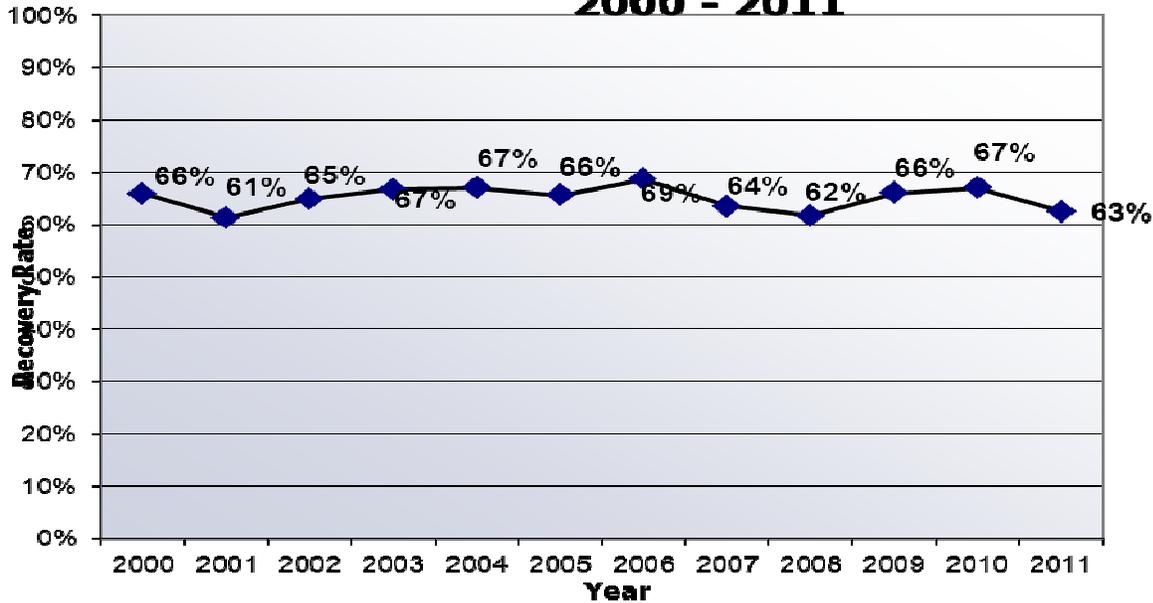
Stolen F-250 from Phoenix – Recovered in desert south of Hidden Valley, AZ



In FY12, the AATA continued to focus a majority of its resource allocation (\$3,000,000 or 58.9% of total budget) to the AZ. Vehicle Theft Task Force (AVTTF), for its continued statewide enforcement and investigative efforts. Since 2000, the AATA also has provided annual grant funding to law enforcement agencies and county attorney offices across Arizona. AATA funded programs are currently located in counties which account for 93% of the state's auto theft problem.

AATA's statewide Grant Programs and proactive projects have been impacted by legislative fund sweeps during the past four fiscal years, resulting in reduced funding for outlying and border counties. The reductions have and will continue to negatively impact auto theft reduction programs in Arizona.

AZ. Stolen Vehicle Recovery Rate 2000 - 2011



A continuing trend across the U.S., is the percentage of vehicles stolen and recovered dropping to a 30-year low of 52%; the lowest since 1981. Arizona's recovery rate dropped to 63% in 2011.

AATA's 2012 Programs & Accomplishments

AATA's three strategic initiatives - law enforcement, aggressive (vertical) prosecution and public education all work together to combat vehicle theft throughout Arizona. Since 2000, the AATA has issued annual grant funding to law enforcement agencies across the state to proactively combat auto theft in counties with the state's highest auto theft rates. In recent years, AATA's Grant Programs have been impacted by fund sweeps by the Legislature, resulting in reduced funding for outlying and border counties. The fund sweeps have limited some grant funded law enforcement initiatives to be placed in a maintenance mode for FY11 – FY13.

The citizens of Arizona can expect that our State will remain on the forefront of combating the cartel activity and the violence associated therewith, that has plagued our communities. The AATA, the Arizona Vehicle Theft Task Force, and the AATA's law enforcement partners continue to diligently attack the auto theft problem that fuels the transportation component of the trafficking cartels. The law enforcement community expects that once the hand-cuffs of legislative fund sweeps is lifted, that the impact of the programs and initiatives of the AATA will result in even greater success causing appreciable gains against organized crime.

In order to facilitate the needs of its law enforcement/criminal justice partners and to work within the confines of its fiscal limitations, AATA staff has integrated a new, web-based Grants Database for submitting new applications, monthly/quarterly reports, grant extension or modification requests. The new system has created greater functionality and significant time, cost, and resource savings for the agency, as well as its law enforcement and grant recipients. The grantees and end-users report favorably on the new system.

Law Enforcement Programs -



Arizona Vehicle Theft Task Force

A critical role in the AATA's mission is to support proactive, law enforcement activities throughout Arizona. Since 1997, the AATA has partnered with the Arizona Department of Public Safety, state, local, and county law enforcement agencies to fund the Arizona Vehicle Theft Task Force, which is the AATA's largest annual grant recipient (60% of AATA's Annual Budget).

The Arizona Vehicle Theft Task Force (AVTTF) or "RATTLE" (Regional Auto Theft Team Law Enforcement Response) serves as a statewide resource for the investigation of property crimes involving vehicles and related components. The Task Force provides technical expertise, training and investigative support to law enforcement agencies targeting vehicle theft and related crimes.



Marijuana bales in stolen Ford pick-up – recovered in Hidden Valley, AZ – March 2012

The Task Force is comprised of state, county, and local law enforcement agencies and private company partners participating in a concerted effort to identify, apprehend, and prosecute individuals and criminal organizations that profit from the theft of motor vehicles and related crimes.



Chop shop investigation by Task Force Detectives - Yuma, AZ – January 2012

AZ. VEHICLE THEFT TASK FORCE FY'12 RESULTS

JULY – JUNE	2011-2012	
Combined Activity	Number	Estimated Value
Stolen Vehicles Recovered	1,329	\$13,450,045.00
Stolen Vehicle Locates	0	
“Chop Shops” Investigated	52	
Altered/Switched VIN's	225	
Felony Arrests	147	
Adults	143	
Juveniles	4	
Insurance Fraud Cases	10	
Business Inspections	86	
Border Interdiction Programs	21	
CORE Programs	4	
Training Provided	18	
Assists to Other Agencies	537	

Arizona Vehicle Theft Task Force – 2012 Case Highlights

One of the many assignments of the AATA Vehicle Theft Task Force is to conduct business inspections to insure that those involved in the sale, storage, repair, salvage, and related practices are in compliance with state law. During these business inspections the AATA Vehicle Theft Task Force will inspect every vehicle and vehicle parts located on the property. Many of these business inspections have resulted in the recovery of stolen vehicles and dismantling of chop shops.

In March 2012, the AATA Vehicle Theft Task Force conducted a business inspection at an automotive repair yard in south Phoenix. After identifying several stolen vehicles and parts, the business was secured and a search warrant was obtained. Twenty-one stolen vehicles were identified. Most of the stolen vehicles had been dismantled.

In 2012, the AATA Vehicle Theft Task Force conducted numerous details throughout the state. During these details, the AATA Vehicle Theft Task Force detectives combined efforts with the local law enforcement agencies to combat auto theft. Numerous stolen vehicles were recovered and suspects apprehended during these details. This working relationship between the local law enforcement agencies and the task force detectives has benefited communities across the state of Arizona.

During 2012, the Arizona Vehicle Theft Task Force also teamed up with Federal, State, County, and Local law enforcement agencies to work details in Pinal County. The overall mission is designed to disrupt the flow of narcotics and UDA smuggling into the State of Arizona and to deter stolen property (vehicles) from being utilized as transport vehicles for narcotics and illegal aliens. Task Force detectives concentrated on locating stolen vehicles traveling south to be used by these organizations and to assist the other agencies with investigations. During the year over a hundred stolen vehicles were recovered and numerous suspects arrested, all tied to the smuggling organizations.

The AATA Special Investigations program is a new addition to the AATA's approach to combating vehicle theft, bridging an investigative void. The AATA is often the repository of information involving vehicle theft. The AATA is frequently looked to for direction when a multi-jurisdictional case arises and no agency takes the lead. AATA investigators can identify the criminal activity and share the information with the involved jurisdictional law enforcement agencies to develop an operational plan to combat the criminal activity. The additional resources will fill the void in areas where the task force has been forced to down size. The AATA investigators will be the liaison between the law enforcement agencies needing assistance and the Vehicle Theft Task Force. These additional resources will allow the Task Force detectives to stay focused on their case load while the AATA investigators conduct the preliminary research and case background.

Future plans include re-establishing a border squad within the Task Force to detect criminal activity involving auto theft along the Arizona-Mexico border.



South Phoenix chop shop investigation by Task Force Detectives – March 2012

Arizona's Bait Car Program

Arizona's Bait Car program began as a pilot AATA Grant project in 2003 by a handful of Valley law enforcement agencies then soon expanded across the state. Vehicles are donated by the National Insurance Crime Bureau (NICB) and its member companies, equipped with bait car systems funded by the AATA. Bait cars are used by law enforcement agencies across the United States and Canada and have proven to be an effective tool in Arizona's auto theft reduction strategy. Police Bait cars are deployed in strategic locations by law enforcement agencies. After a bait car is stolen, the location of the vehicle is monitored by police dispatchers through GPS tracking.

Bait Car technology has been evolving and changing over the past several years. Most bait car systems employed in Arizona arose from AATA grant funding. These systems generally work in a manner that is run through a specific agencies dispatch. Each bait car is therefore tied to the specific agency. Advances in Bait Car technology, in conjunction with other related advances in GPS, wireless Bluetooth, geo-fencing, and a myriad of technological developments allow for a new era of bait cars that are more effective and cost efficient.

The program continues to demonstrate successful results; as of December 2012, the program has over 350 arrests since the program began. Our agency credits the program with helping drive down Arizona's auto theft rate to its lowest level since the mid-1990's.

As Arizona's Bait Car program marks its 10th anniversary in 2013, future plans include expanding the fleet of Bait Cars across the entire state to be used by a multitude of law enforcement agencies and thus increase the statewide impact of the limited resources available to the AATA.



License Plate Readers

License Plate Reader (LPR) technology is an important tool in the detection and apprehension of auto thieves and has improved the success in recovering stolen vehicles in a timely manner. LPR's have the capability of scanning thousands of plates on daily basis, sweeping parking lots, streets and highways to recover stolen vehicles faster than before. The LPR technology continues to improve and companies are providing state of the art cameras and equipment.

Future plans include strategies to make LPR technology available throughout the state by creating a fleet of mobile LPR's and a reserve of LPR equipment that can be used by a variety of law enforcement agencies to increase statewide impact.



LPR camera & system

Vertical Prosecution Program

Vertical Prosecution refers to the concept of utilizing dedicated, specially trained deputy county attorneys to address all phases of the criminal justice process regarding vehicle theft, and associated crimes. The AATA has identified vertical prosecution as a vital component of a comprehensive vehicle theft reduction strategy for the State of Arizona. Vertical prosecution has been highly successful in dealing with other criminal activities such as, homicide, narcotics, organized crime, sexual assault and crimes against children. The AATA provides annual grant funding to the county attorney offices with the highest vehicle theft rates, and/or border counties, which encounter a significant number of suspects in stolen vehicles from other jurisdictions.

In FY10, the AATA's Vertical Prosecution Program was reduced to three Arizona counties for the first half of the year; then reduced further the second half of the year; eliminating all but Maricopa County due to additional fund sweeps. In FY12, the AATA's Vertical Prosecution Program has increased slightly with five Arizona counties currently participating; FY13 will remain at that same level.

Future plans include re-establishing the Vertical Prosecution program to pre-2009 levels with prosecutors and support staff in seven Arizona counties.

Some results of the Vertical Prosecution Program during 2012 for the Maricopa County Attorney's Office, the AATA's largest Vertical Prosecution grant recipient, include –

1,700 Submittals - (Auto theft is up 20% from submittals in 2010).

19 Trials: (15 guilty, 1 not guilty, 1 hung jury (to be re-tried), 2 mistrials to be re-tried)

762 plea agreements reached.



Professional Training Grants

One of the responsibilities of the AATA is to provide training to statewide law enforcement agencies. The need for consistent, updated material to be instructed on a regular basis is an important element in combating auto theft in our state. This past year, the AATA co-hosted the Arizona Auto Theft Investigators Association's (AATIA) 2013 Training Seminar where over 200 attendees received training on a variety of topics concerning auto theft-related crimes, including current trends, methods of theft, information about VIN numbers, titles and license plates, as well as heavy equipment and all-terrain vehicle identification. The seminar also included an Award Ceremony for AATA's 2012 Award Recipients, which include law enforcement, criminal justice and insurance partners who have demonstrated outstanding accomplishments in combating auto theft in Arizona.

This year, funds were also provided to field officers, detectives and prosecutors to attend the International Auto Theft Investigators Association Annual Seminar in Kansas City in August.

Public Education & Prevention

Public education and prevention remain an important component in the agencies strategy to combat vehicle theft, however, the nature of AATA's auto theft prevention programs has evolved and shifted focus in recent years. In the past, the AATA has provided grant funding to law enforcement agencies across the state to implement (and sustain) community-based public awareness programs. Grants provided funding for overtime and equipment/supplies for auto theft prevention & VIN etching events.

The AATA also provides equipment, literature and promotional items, along with other AATA resources, which provide agencies the ability to target specific needs of their community. The AATA has implemented ways to support these sustainable deterrence programs in a more cost effective and efficient manner, leaving the bulk of grant funding available for law enforcement and auto theft prosecution programs. Our goal is to empower Arizona vehicle owners to protect and secure their vehicles and personal property.

Presently, the AATA engages in the following public awareness and auto theft prevention programs:

Watch Your Car Program -



The Watch Your Car program is one element of a “layered approach” to protection recommended by the AATA to effectively deter vehicles from being stolen. The Watch Your Car program is a voluntary enrollment program designed to deter vehicle theft, assist in the recovery of stolen vehicles, and apprehend auto thieves. After enrolling and signing an application form, participants in the program affix Watch Your Car decals to their vehicle, which authorizes law enforcement officials to stop the vehicle between the program hours of 1:00 AM and 5:00 AM when most vehicle thefts occur, or within one mile of the international border. Enrollment forms are obtained by contacting the AATA by phone or accessing the Agency’s web site at www.azwatchyourcar.com. The Watch Your Car program is free and open to all citizens with cars registered in the State of Arizona.

To promote the Watch Your Car program and other comprehensive vehicle theft prevention tips, the AATA partners with criminal justice agencies throughout the State, participates in auto theft prevention events and safety fairs as well as homeowners association and Blockwatch meetings. Information displays are also located at every Motor Vehicle Division and AAA Arizona Travel Office statewide as well as at insurance company claims offices and apartment community rental locations. As of December 2012, the AATA has approximately 52,000 vehicles enrolled in the program.

The AATA’s public education and prevention efforts continue to focus on strategic partnerships and collaborative efforts with community organizations, corporations and businesses, as well as criminal justice agencies throughout Arizona. Last year, the AATA partnered with AAA Arizona, AARP, the Arizona Crime Prevention Association (ACPA), Maricopa County Attorney’s Office, Valley Metro, SunWest Federal Credit Union and numerous corporations to promote auto burglary and theft prevention programs.

VIN (Vehicle Identification Number) Etching Program -

VIN etching involves marking the vehicle identification number into the window glass of the vehicle, making the vehicle less valuable to thieves who may want to steal it. This also acts as a deterrent to chop shop operators and provides a valuable means for law enforcement to identify vehicles that have been VIN switched or cloned. The AATA owns VIN etching equipment and supplies needed to perform this service and regularly loans out to statewide law enforcement agencies. The AATA also sponsors VIN etching events that are conducted by agency staff and volunteers.



SunWest Event with Goodyear PD & Auto Theft T





Annual Auto Theft Prevention Week –

The AATA sponsors the Annual Statewide Auto Theft Prevention Day the 1st week in March in partnership with law enforcement agencies & community partners by hosting auto theft prevention and/or VIN etching events in an effort to increase awareness about auto theft/burglary prevention. Each year dozens of police agencies sponsor events during this week.

Youth Auto Theft Deterrent Programs –

The AATA has developed Youth Deterrent Programs for middle school (“A Ride For Life: The Consequences of Auto Theft”) and high school students (“Park Smart, New Driver”). The AATA is in partnership with school districts and School Resource Officers to distribute and present these programs to students.

Building Partnerships & Collaborative Efforts –

The AATA continues to partner with community organizations, corporations and businesses, including AAA Arizona, AARP, the Arizona Crime Prevention Association (ACPA), Arizona Insurance Council, SunWest Federal Credit Union, Valley Metro, and numerous others to promote auto theft and burglary prevention. The AATA continues to conduct auto theft prevention presentations and provides resources to residents at Multi-housing and rental communities. We also participate in auto theft and ID theft prevention events featuring free VIN etching and secure document shredding.

Bait Car & Auto Theft Deterrent Signs –



Many police departments and local businesses have employed the use of signs in their parking lot indicating it's a “Bait Car Deployment Area.” This not only serves as a deterrent to would-be auto thieves, but also reminds vehicle owners to protect themselves from becoming a victim of auto theft.

Social Media Outreach -

The AATA has incorporated E-Newsletters and web-based technology into our public outreach efforts, along with Social Media including Facebook (Arizona Auto Theft Authority) and Twitter (azautotheft) and YouTube (azautotheft2012).

The AATA's website (www.azwatchyourcar.com) is maintained by Staff with auto theft related information, statistics, events, e-newsletters. Staff continues to promote on-line Watch Your Car enrollment and web-based business solutions available for our customers.

Impact of Motor Vehicle Theft Prevention Programs on Vehicle Insurance Costs

The Arizona Automobile Theft Authority reports annually on the impact of vehicle theft prevention programs on consumer automobile insurance rates, the AATA received the following statement from the Arizona Insurance Council (AIC):

Comprehensive coverage pays you if your automobile is stolen or for damage caused by things not covered under collision coverage, such as vandalism, flooding, fire, a broken windshield or damage from an animal.

In another statement released from AIC Executive Director, Ron Williams in December 2012, he adds that, “Importantly, insurers collect a separate fee from auto policyholders that provided over \$5 million dollars last year to operate the Arizona Automobile Theft Authority. With those funds and other insurance industry support, the AATA recorded the eighth consecutive yearly decrease in auto thefts. This is an outstanding success story for the AATA staff, insurance company partners, policyholders and law enforcement and judicial prosecutors.”

Financial Report

For the Year Ended June 30, 2012

Arizona Automobile Theft Authority Fund

The Automobile Theft Authority Fund is a special revenue fund, which was established by the Arizona Legislature and is the only operating fund of the Automobile Theft Authority. The AATA does not receive any tax dollars or appropriations from the General Fund of the State of Arizona. All revenues received by the Authority, including investment income and monetary gifts, are deposited in the Automobile Theft Authority Fund. With the exception of grant awards to the Authority, expenditures of the Authority are appropriated by the Legislature and paid from collected monies in the Fund. The financial statements for the fiscal year ending June 30, 2012 of the AATA have been audited by the accounting firm of Heinfeld, Meech & Co., P.C., Certified Public Accountants in accordance with generally accepted accounting principles and government auditing standards. Their report gave an unqualified opinion of the Authority's financial statements and their report on compliance and internal controls stated, "We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses."

Revenue

The revenue of the AATA is derived from a statutory semi-annual assessment of 50 cents per vehicle paid by each insurance company writing automobile liability coverage in Arizona on motor vehicles weighing 26,000 pounds or less, gross vehicle weight (GVW). Current year revenue collections from insurance assessments for the fiscal year ending June 30, 2012 were \$ 5,264,105, an increase of \$105,233 or 2.03% from the prior year. All excess cash is invested with the State Treasurer and the Authority earned \$8,674 in investment income during the current fiscal year.

Expenditures

Total expenditures for the current year were \$4,201,026, a decrease of \$8,304 from the total expenditures from the previous year of \$4,209,330. This does not include a cash transfer to the primary government (State of Arizona, General Fund) of \$890,500, for budget balancing purposes. The Arizona Revised Statutes, A.R.S. §41-3451.H requires that "The costs of administration shall not exceed ten percent of the monies in the fund in any one year so that the greatest possible portion of the monies available to the authority is expended on combating motor vehicle theft." Accordingly, the Arizona Automobile Theft Authority tightly controls its administrative costs. Administrative expenses of the Authority are limited by statute and are not to exceed 10% of the revenue collected by the Authority. For the fiscal year ending June 30, 2012, the Authority was in compliance with this statute with "costs of administration" being 4.61%, of "the monies in the fund" as verified by the audit. The AATA's administrative costs for the fiscal year were 4.78% of total expenditures. The AATA ended the year with cash and investments with the State Treasurer of \$365,373.

Revenue Forecast

The AATA reviewed the revenue collection trends for several of the previous years. With two collection periods per fiscal year the collection data was analyzed from period to period, as well as fiscal year to fiscal year. This analysis showed a dramatic drop in the rate of revenue increase from FY'06-FY'10. The rate of revenue growth has increased slightly in FY'11 and FY'12. Therefore, in going forward the AATA was very cautious in its revenue projections, for the fiscal year ending June 30, 2013 the agency projects revenue growth of .75%, this means that the anticipated revenue in the next fiscal year should be approximately \$5,303,585, (\$39,480 above the revenue received in the current fiscal year). Going forward, the agency expects revenue to increase slightly (approximately 1-1.25%) for the fiscal year ending June 30, 2014. Other factors that were considered in making revenue projections include the state of the economy and population growth. Also the AATA reviews each assessment submitted by an insurance company and verifies statutory compliance.

Arizona Auto Theft Authority Fund

Statement of Operations by Program for the Fiscal Year Ended June 30, 2012

	June 30 2011	June 30 2012
Revenue		
Current Year Collections	5,158,872	5,264,105
Prior Year Collections	-	-
Investment Income	5,569	8,674
Grants	-	-
Refund of Unused Grant Funds	571	5,113
Total Cash Collections	<u>5,165,012</u>	<u>5,277,892</u>
Revenue Accrued at June 30th	53,756	33,944
Total Revenue	<u>\$5,218,768</u>	<u>\$5,311,836</u>
Expenditure by Program		
Administrative Costs (1,2)	271,046	243,488
Arizona Vehicle Theft Task Force Grant	3,100,000	3,000,000
Vertical Prosecution Program	302,175	330,119
Public Awareness	160,374	289,326
Public Awareness Grant Program	-	-
Law Enforcement Grant Program	29,037	89,087
Professional Training & Special Grant Program	14,759	20,370
Emergency/Discretionary Grant Program	331,939	228,636
Auto Theft Events	-	-
Other Travel	1,381	-
Miscellaneous	962	-
Total Expenditures (3)	<u>4,211,673</u>	<u>4,201,026</u>
Transfer to Primary Government	895,200	890,500
Excess of Expenditures Over Revenues	111,895	220,310
Beginning Fund Balance (4,5)	2,781,834	2,893,729
Ending Fund Balance (4,5)	<u>\$2,893,729</u>	<u>\$3,114,039</u>
Footnotes		
1. Administrative Costs as a Percentage of Cash Collections	5.25%	4.61%
2. Administrative Costs as a Percentage of Total Expenditures	5.31%	4.78%
3. Actual Expenditures by Category per Audited Financial Statements		
Appropriated Current Operating Expenses		
Personal Services	215,123	236,624
Employee related expenses	83,524	101,875
Professional services	13,213	8,536
Travel-in-State	2,827	2,837
Travel-out-State	1,965	291
Aid to Organizations	3,777,910	3,669,250
Other Operating	114,169	113,288
Non-capital equipment	599	68,325
Total Expenditures	<u>\$4,209,330</u>	<u>\$4,201,026</u>
Non-appropriated Expenses		
Other Travel	1,381	-
Miscellaneous	962	-
Auto Theft Events	-	-
Total Non-appropriated Expenditures	<u>2,343</u>	<u>-</u>
4&5. Fund balance includes accrued income as per the audited financial statements		
Total Expenditures		
	\$4,211,673	\$4,201,026
Cash invested with the State Treasurer as of June 30 th	\$151,577	\$ 365,373
Report based on audited financial statements		

Special Thanks -

The Arizona Automobile Theft Authority Board of Directors and Staff would like to thank the following individuals and organizations for their continued support and assistance.

**Arizona Auto Theft Investigators Association (AATIA)
International Association of Auto Theft Investigators (IAATI)**

Sheriff Paul Babeau, Pinal County Sheriff
Eric Billings, Analyst, Joint Legislative Budget Committee
John Blackburn, Jr. Executive Director, Arizona Criminal Justice Commission
Sgt. Brandon Blanco, Glendale Police Department
Scott Blum, Auto Theft Bureau Chief, Maricopa County Attorney's Office
Captain Bruce Campbell, AZ DPS/Arizona Vehicle Theft Task Force
Lt. Colonel Timothy Chung, AZ. DPS/Arizona Vehicle Theft Task Force
Jeff Parr, Maricopa County Attorney's Office
Tim Gaffney, Pinal County Sheriff's Office
Mary Curfman, AZ. DPS/Arizona Vehicle Theft Task Force
Richard Green, Analyst, Governor's Office of Strategic Planning & Budgeting
Alberto Gutier, Director, Governor's Office of Highway Safety
Annette Jacobs, President, AZ. Auto Theft Investigators Association (Phoenix PD)
Steve Jimenez, AZ. DPS/Arizona Vehicle Theft Task Force
Kim Kelly, Gilbert Police Department
Mary Jo Kuzmick, Gilbert Police Department
Major Jack Lane, AZ. DPS/Arizona Vehicle Theft Task Force
Sgt. Brandon Luth, Maricopa County Sheriff's Office
Sgt. Jodie Martinez, Mesa Police Department
Christopher T. McDonold, President, IAATI
John O'Byrne, President, IAATI
Sheriff Ralph Ogden, (Retired) Yuma County Sheriff's Office
Vickie Owen, Gilbert Police Department
Bobby Owens, National Insurance Crime Bureau
Jessica Shuster, GAO, Central Services Bureau
Frank Scafidi, National Insurance Crime Bureau
Rich Spallinger, National Insurance Crime Bureau
Carmen Swanson, SunWest Federal Credit Union
Nancy Temporado, AZ. DPS/Arizona Vehicle Theft Task Force
Major Brian Wilcox, AZ. DPS/Arizona Vehicle Theft Task Force
Tony Wilcox, State of Arizona, Information Services Division
Ron Williams, Arizona Insurance Council

Thank you to the state's criminal justice agencies for their continued participation in the Arizona Vehicle Theft Task Force and partnership with the Arizona Automobile Theft Authority.

A special thank you to the National Insurance Crime Bureau (NICB) and the following insurance companies for providing vehicles for Arizona's Bait Car Program; Allstate, Farmers, Nationwide, Progressive, Safeco, Sentry and State Farm Insurance Companies.

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Arizona Automobile Theft Authority

1400 W. Washington Street, Suite 270
Phoenix, AZ 85007

Tel: (602) 364-2886
Fax: (602) 364-2897
Toll Free 1-888-668-4433

Website: www.azwatchyourcar.com



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