

ARIZONA AUTOMOBILE THEFT AUTHORITY

2011 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 programs.

AATA Staff

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Executive Director

Arthur Myer
Administrative Services Officer

Ann Armstrong
Public Affairs Officer

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Administrative Assistant

Letter to the Governor

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

Dear Governor Brewer:

Once again, it is my pleasure to share with you the continued success of the Arizona Automobile Theft Authority (AATA).

The AATA is pleased to report Arizona achieved another year of declining auto theft rates. Arizona reported 21,508 stolen cars in 2010, a 17.2% decrease from 2009 and the eighth (8th) consecutive year for a statewide decrease. Overall, Arizona ranked sixth (6th) in the nation for vehicle thefts per capita (per 100,000 population) and eighth (8th) for total stolen vehicles.

The 2010 "Hot Spots" report, which tracks auto theft data throughout the nation, indicates that Arizona continues to show impressive reductions in auto theft last year. The Phoenix MSA (Metropolitan Statistical Area), which had the dubious distinction of ranking the #1 "Hot Spot" just ten years ago, has continued to plunge down to 56th place. Tucson, which previously held the #2 spot fell to #22 during the same ten year period; Yuma dropped to #88.

The AATA attributes the continued decline to a combination of factors including new technologies like bait cars, proactive law enforcement strategies, and multi-agency cooperation. Vehicle owner-applied theft deterrent and recovery systems are also delivering outstanding results. The coordinated and sustained efforts by the AATA and statewide law enforcement to attack the complex issue of auto theft from several different angles are also delivering successful results.

Our Agency also credits the vehicle theft rate decreases to aggressive and results-oriented approaches by the Arizona Vehicle Theft Task Force and local law enforcement as well as prosecution efforts and public awareness/prevention strategies. Last year, the Task Force recovered 1,455 vehicles worth over \$19 million; hundreds of suspects were arrested and dozens of chop shops shut down. Overall, Arizona consumers are impacted by reduced insurance rates and personal and financial victimization.

The AATA will continue its commitment to effectively reduce and prevent auto theft and looks forward to continued service to the citizens of Arizona.

Respectfully,



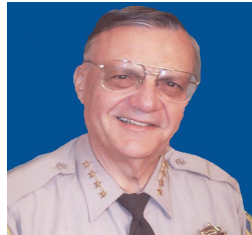
Chairman
Arizona Automobile Theft Authority

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 Steven Conrad
Glendale Police Department



Mitchell Hill
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.

These dedicated funds facilitate a cooperative effort by the insurance industry, law enforcement & criminal justice agencies and the citizens of Arizona. The AATA's fiscal year is from July 1st to June 30th and our budget is appropriated biannually by the Arizona Legislature. The AATA serves as a unique example of public/private and consumer partnership and is viewed as a national model for effective and sustainable auto theft reduction strategies.

The AATA functions as the lead organization in a statewide network of law enforcement, prosecution and public education partners working to combat auto theft in Arizona. By focusing resources in enforcement/investigative units, prosecution efforts, and aggressive public education programs, the AATA, and our statewide law enforcement partners have been impacting our state's auto theft rate.

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, review & compliance.

Since 2000, the AATA has issued annual grant funding to statewide law enforcement and criminal justice agencies for proactive auto theft programs. AATA funded programs are currently located in counties which account for 93% of the state's auto theft problem.

The prime beneficiaries, specifically vehicle owners and the insurance industry, totally support the government services from which they benefit. **Last year's stolen vehicle recovery rate by the AZ. Vehicle Theft Task Force resulted in over \$19 million recovered for victims and insurance companies. Since its inception (1997) the Task Force has recovered over nearly 36,000 vehicles valued at \$400 million.**

Motor Vehicle Theft in Arizona & the United States –

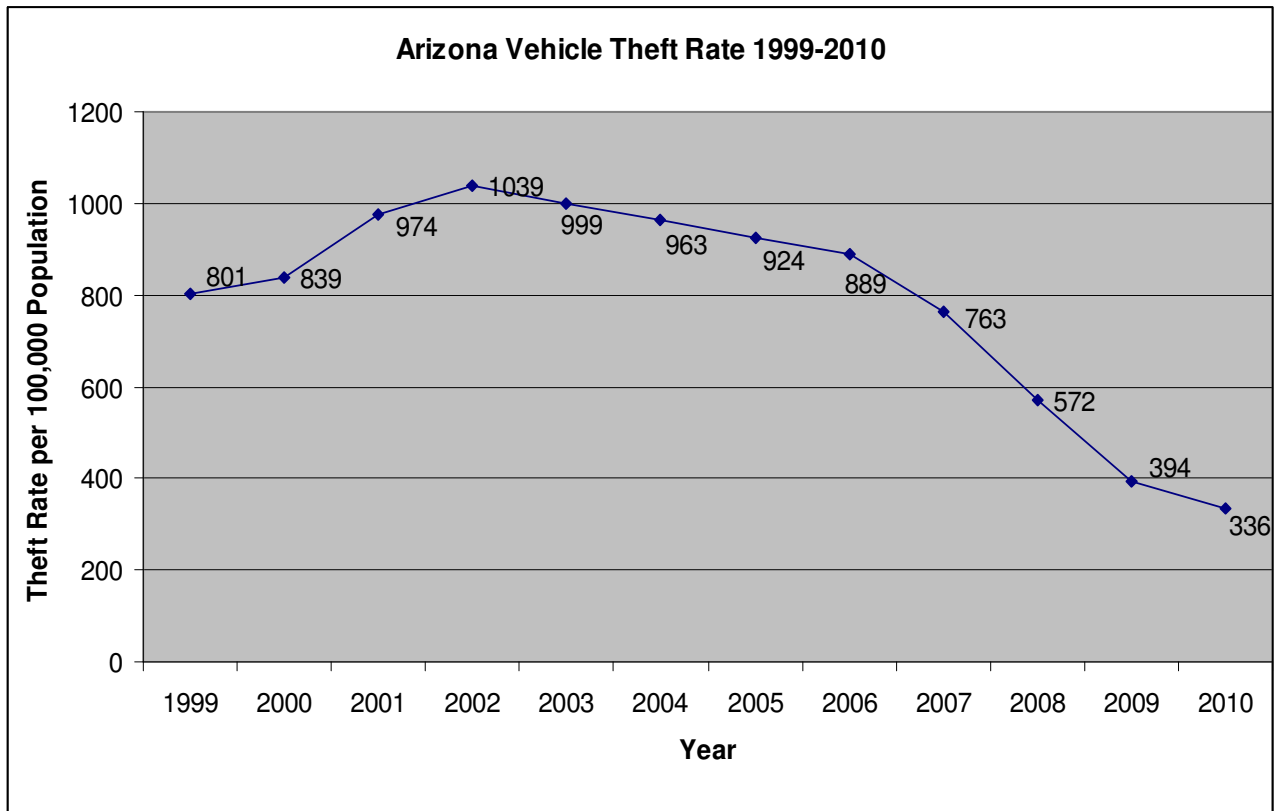
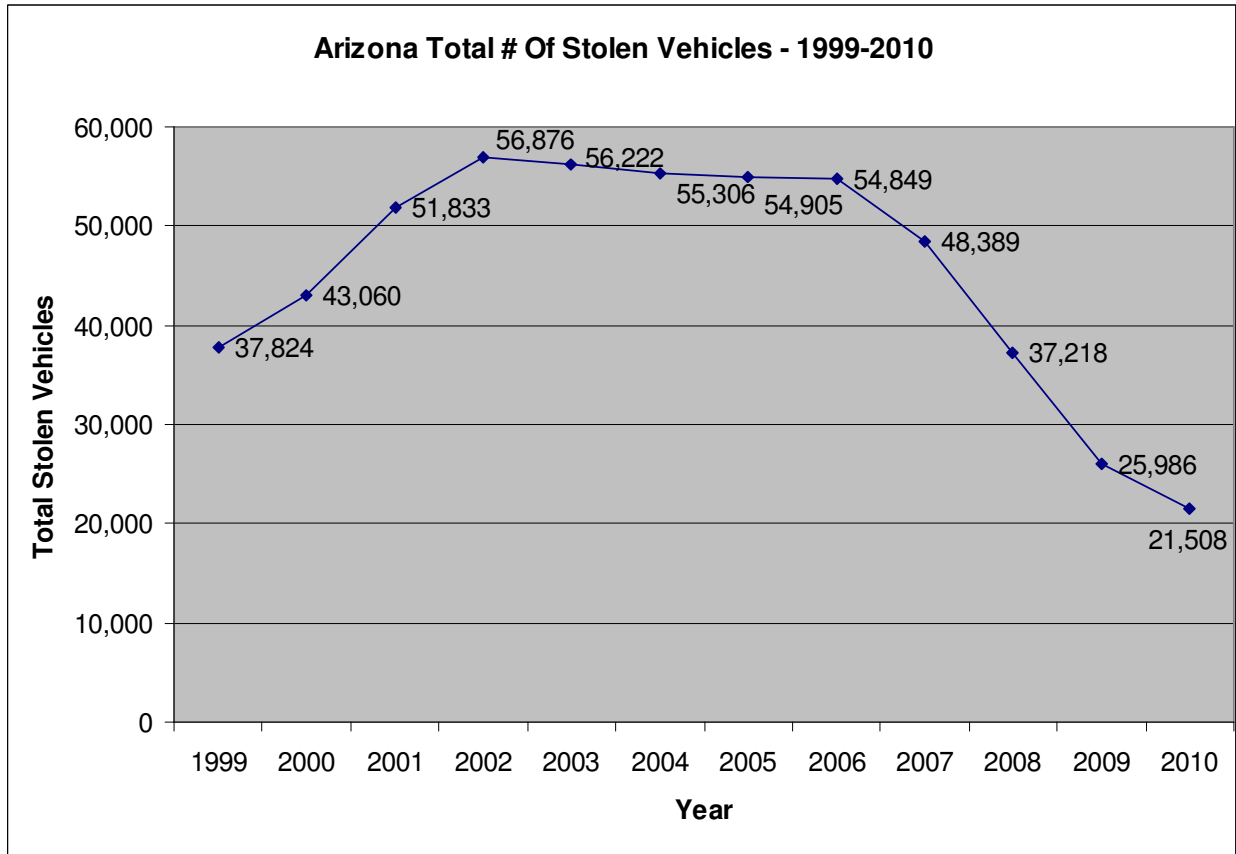
Auto theft remains a major border crime; facilitating the trafficking in drugs, humans, currency and weapons. The Mexican drug cartels have active auto theft cells that operate in our state's metropolitan areas, acting as the transportation division of their syndicate. The AZ. Vehicle Theft Task Force 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.

Vehicle theft facilitates, and is associated with a wide range of criminal activity in Arizona and the United States. It accounts for significant economic loss and affects the overall quality of life in our communities. The AATA works on local, state, national and international level to develop, implement and support law enforcement activities, border interdiction, vertical prosecution and public education programs to deter vehicle theft.

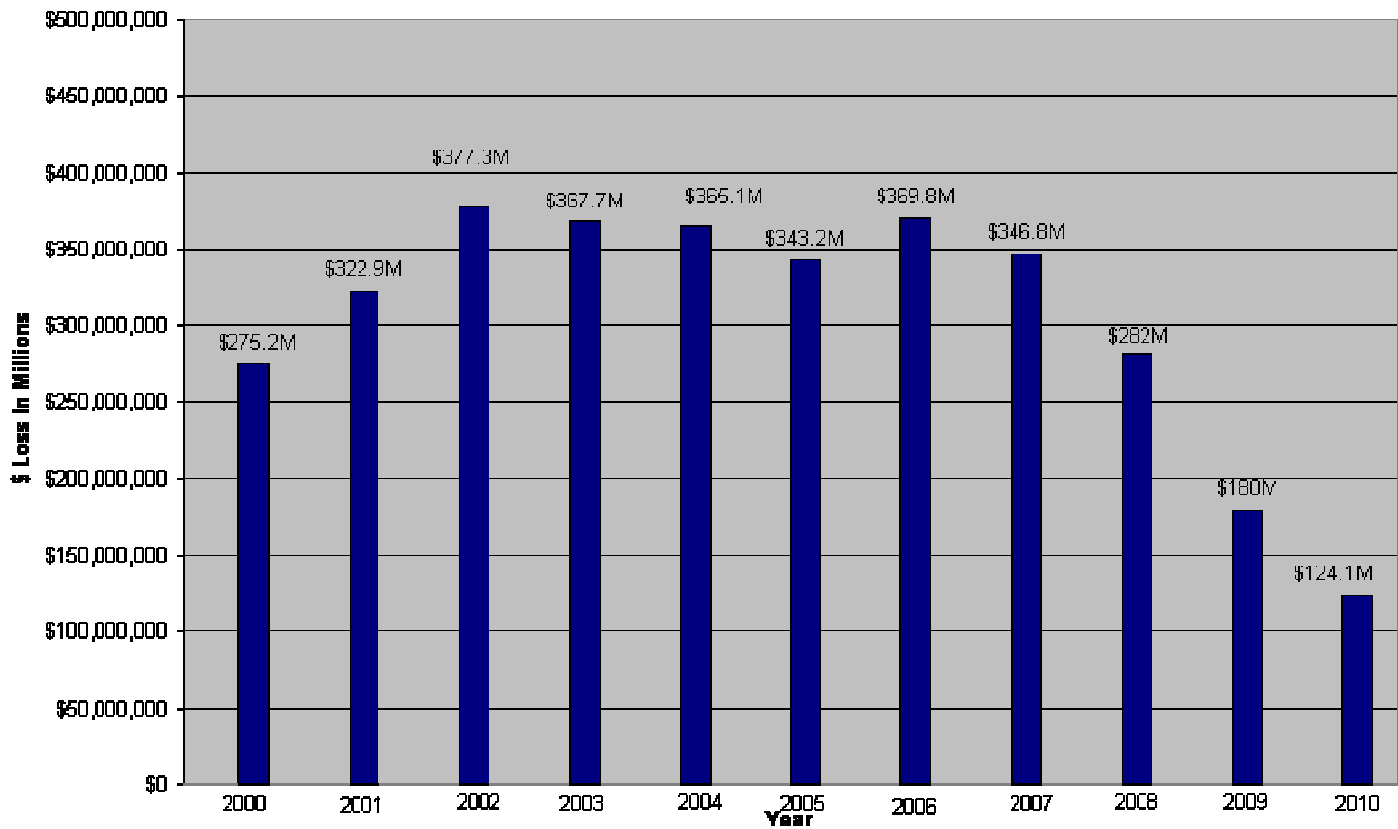
Criminals also use fraudulent techniques to steal cars that do not involve smashing windows, disconnecting alarm systems or racing from the scene of a crime. Some of the most common vehicle theft fraud schemes include: Owner Give-Ups, 30-Day Specials, Export Fraud, and Phantom Vehicles.

The FBI's 2010 Uniform Crime Report (UCR) reports 737,142 motor vehicle thefts nationwide, which represents a 7.4% decline from 2009 figures. Nearly \$4.5 billion was lost to vehicle thefts in 2010, with an average dollar loss per vehicle of \$6,152.

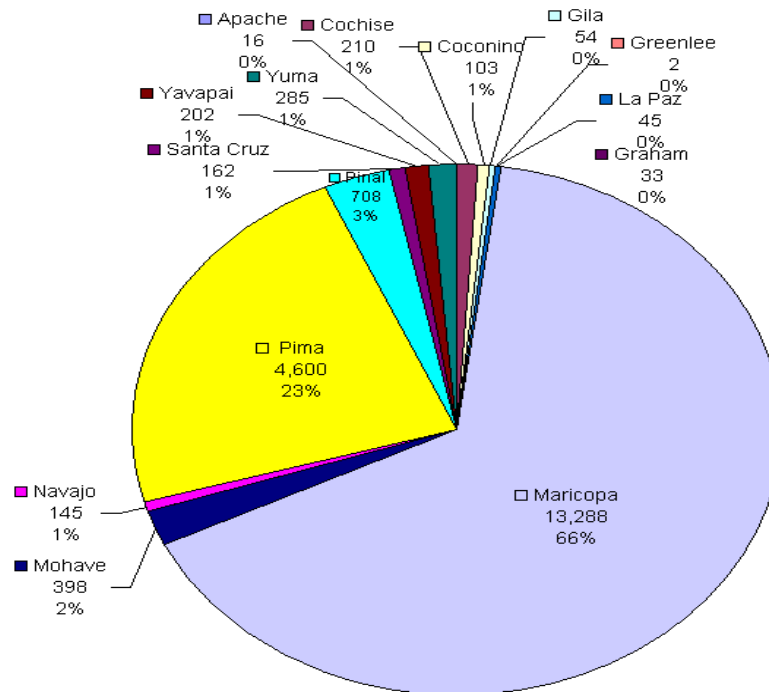
In 2010, Arizona reported 21,508 stolen vehicles, which reflects a 17.2% decrease in the theft rate from 2009 and a \$124 million economic loss for vehicle owners and consumers.



Arizona's Economic Loss From Vehicle Theft - 2000-2010



2010 Arizona Vehicle Thefts by County



<u>2010 AUTO THEFT RANK BY STATE</u>				<u>2009 AUTO THEFT RANK BY STATE</u>			
Rank	State	Theft Rate	Total Stolen	Rank	State	Theft Rate	Total Stolen
1	D.C.	836.9	5,036	1	D.C.	922.5	5,532
2	California	409.4	152,524	2	Nevada	468.4	12,379
3	Washington	382.6	25,729	3	California	443.8	164,021
4	Nevada	377.1	10,185	4	Arizona	394.0	25,986
5	Hawaii	374.9	5,100	5	Hawaii	372.1	4,819
6	Arizona	336.5	21,508	6	Washington	355.3	23,680
7	Georgia	312.8	30,305	7	Maryland	344.2	19,619
8	Maryland	312.6	18,051	8	Georgia	337.2	33,145
9	South Carolina	285.3	13,197	9	New Mexico	322.2	6,476
10	Michigan	276.8	27,353	10	Texas	308.9	76,559
11	Oklahoma	271.6	10,190	11	South Carolina	297.4	13,566
12	Texas	270.5	68,023	12	Michigan	294.7	29,383
13	Missouri	268.0	16,051	13	Missouri	291.9	17,479
14	New Mexico	254.8	5,247	14	Oklahoma	282.2	10,404
15	Tennessee	233.8	14,835	15	Florida	271.1	50,259
16	Oregon	232.6	8,912	16	Louisiana	260.8	11,717
17	Alaska	228.0	1,619	17	Oregon	258.0	9,869
18	Rhode Island	227.9	2,399	18	Colorado	247.9	12,458
19	Illinois	224.4	28,796	19	Utah	247.9	6,904
20	Colorado	223.6	11,247	20	Alaska	241.8	1,689
21	Alabama	221.8	10,600	21	Tennessee	237.8	14,973
22	Florida	220.5	41,462	22	Alabama	235.3	11,081
23	Louisiana	218.2	9,893	23	Rhode Island	227.2	2,393
24	Utah	215.2	5,949	24	Indiana	216.1	13,879
25	Delaware	214.8	1,929	25	Delaware	215.5	1,907
26	Kansas	210.6	6,009	26	North Carolina	213.5	20,024
27	Indiana	202.3	13,118	27	Connecticut	212.5	7,476
28	Nebraska	197.9	3,614	28	Kansas	211.2	5,954
29	North Carolina	192.0	18,310	29	Arkansas	211.2	6,103
30	Arkansas	190.1	5,544	30	Illinois	206.6	26,676
31	Connecticut	187.7	6,707	31	Ohio	198.3	22,890
32	Ohio	183.1	21,118	32	Nebraska	193.8	3,481
33	Mississippi	180.6	5,360	33	Mississippi	183.0	5,401
34	New Jersey	176.9	15,556	34	New Jersey	178.1	15,508
35	Massachusetts	174.9	11,453	35	Massachusetts	178.0	11,735
36	Minnesota	161.9	8,587	36	Minnesota	161.8	8,519
37	Montana	154.2	1,526	37	Wisconsin	157.8	8,926
39	Wisconsin	143.1	8,138	39	West Virginia	150.6	2,741
38	Kentucky	143.1	6,209	38	Montana	149.3	1,456
40	Virginia	131.8	10,548	40	Virginia	144.9	11,419
41	Pennsylvania	131.2	16,669	41	Wyoming	141.7	771
42	North Dakota	127.7	859	42	Pennsylvania	141.4	17,821
43	West Virginia	127.4	2,361	43	Kentucky	140.9	6,080
44	Iowa	124.0	3,776	44	North Dakota	131.7	852
45	New York	105.4	20,433	45	Iowa	129.3	3,888
46	Wyoming	104.9	591	46	New York	111.9	21,870
47	South Dakota	97.6	795	47	South Dakota	100.1	813
48	Idaho	84.3	1,322	48	Idaho	93.3	1,442
49	Maine	74.5	990	49	New Hampshire	84.9	1,124
50	New Hampshire	73.5	968	50	Maine	77.4	1,021
51	Vermont	70.5	441	51	Vermont	72.1	448

****Theft rate based on vehicle thefts per 100,000 inhabitants.**

Vehicle Theft in Arizona & the United States –

Arizona currently ranks sixth (6th) in the United States for vehicle thefts per capita, behind the District of Columbia, California, Washington, Nevada, and Hawaii and eighth (8th) in the nation for total number of vehicle thefts behind California, Texas, Florida, Georgia, Illinois, Michigan & Washington State. Nationwide in 2010, there were an estimated 737,142 vehicle thefts, a 7.4% decline from 2009 figures.

Arizona Vehicle Theft: Current Trends –

Arizona achieved another year of declining auto theft rates in 2010 with 21,508 stolen cars, a 17% decrease from 2009 and the eighth consecutive year for a statewide decrease. Overall, Arizona ranked sixth (6th) in the nation for vehicle thefts per capita (per 100,000 population) and eighth (8th) for total stolen vehicles.

The National Insurance Crime Bureau's (NICB) 2010 "Hot Spots" Report, which tracks auto theft data throughout the nation, indicates that Arizona continues to show impressive reductions in auto theft last year. The Phoenix MSA (Metropolitan Statistical Area), which had the dubious distinction of ranking the #1 "Hot Spot" just ten years ago, has continued to plunge down to 56th place. Tucson, which previously held the #2 spot fell to #22 during the same ten year period; Yuma dropped to #88. Additionally, until 2004, Arizona held the title of number one state (by per capita rate) for vehicle theft.

The AATA attributes the continued decline to a combination of factors including new technologies like bait cars, proactive law enforcement strategies, and multi-agency cooperation. Vehicle owner-applied theft deterrent and recovery systems are also delivering outstanding results. The coordinated and sustained efforts by the AATA and statewide law enforcement to attack the complex issue of auto theft from several different angles are also delivering successful results.

The agency also credits the decreases to aggressive and proactive enforcement by the Arizona Vehicle Theft Task Force and local law enforcement as well as prosecution efforts and public education strategies. Last year the Task Force recovered 1,455 stolen vehicles worth nearly \$20 million; hundreds of suspects were arrested and dozens of chop shops shut down. The Auto Theft Task Force also increased border operations in and around known smuggling routes in Arizona's trafficking corridors. Overall, Arizona consumers are impacted by reduced insurance rates and personal and financial victimization.

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.

The AZ. Vehicle Theft Task Force Criminal Analysis Division recently analyzed a sampling of 2010 data from the Phoenix Metro areas for "Operation SUNSET," reviewing vehicle thefts and recoveries, including primary target areas, days of week.

The report indicates 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. In regards to the heavy-duty pickups – a sampling of collected data indicates the preferred vehicles to be:

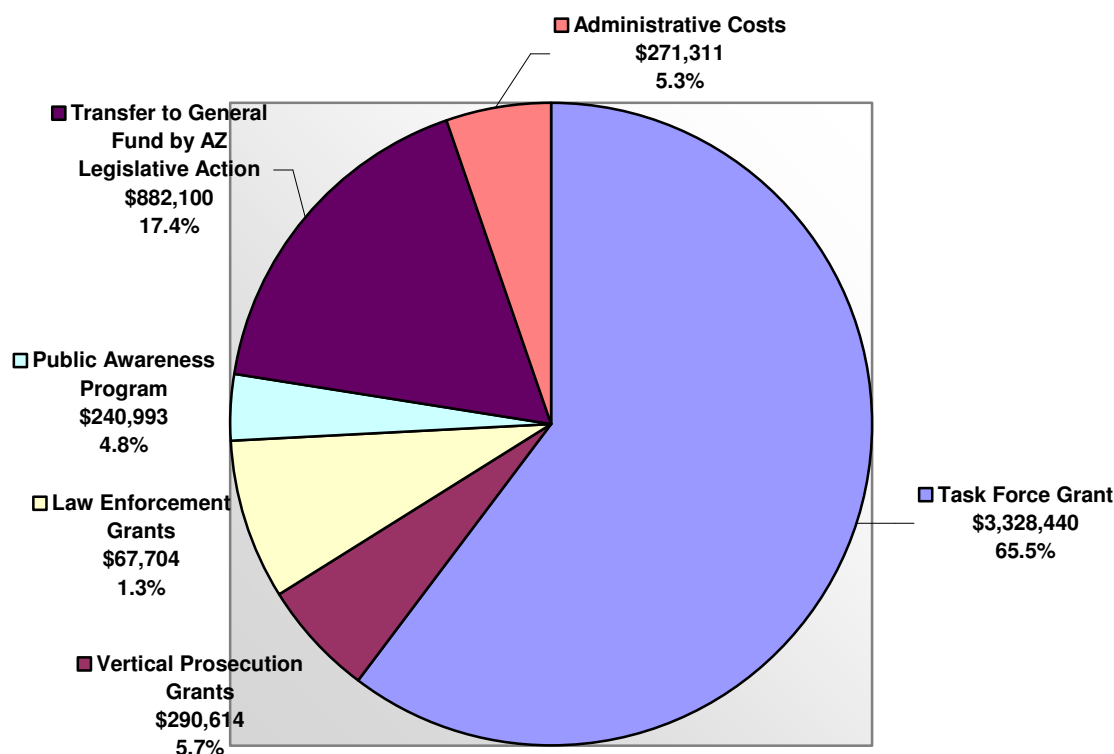
- Ford – F-Series (F150, F250, F350) with the F250s being most often targeted
- Dodge – Ram (1500, 2500)
- Chevrolet – Silverado

In FY11, the AATA continued to focus a majority of its resource allocation (\$3,328,440 or 65.5% 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 three 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.

Agency Overview - continued

AATA BUDGET (FISCAL YEAR ENDING JUNE 30, 2011) TOTAL EXPENDITURES \$5,165,632



Arizona Vehicle Theft: Current Trends

Vehicle theft is a crime of facilitation. Vehicles are stolen for a variety of reasons; they may be stolen simply as a means of transportation or to facilitate other crimes, such as residential and commercial burglaries, robberies, ID theft, illegal drug and human smuggling activities as well as drive-by-shootings. Professional auto thieves steal vehicles for economic benefit and desperate vehicle owners commit insurance fraud by lying about the theft of the vehicle then orchestrating its destruction to collect the insurance money.

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.

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.

A new trend that is 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.

2010 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

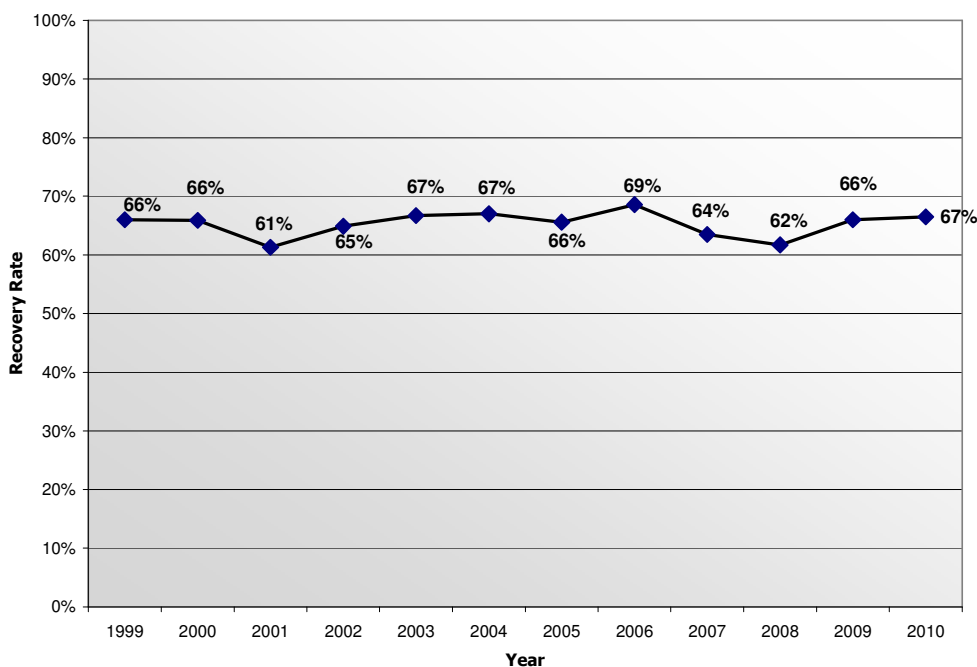
Top 10 Most Stolen Vehicles - Arizona

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 2011

Arizona Vehicle Theft Trends

AZ. Stolen Vehicle Recovery Rate 1999 - 2010



AATA's 2011 Programs & Accomplishments

AATA's three strategic initiatives - law enforcement, aggressive (vertical) prosecution and public education all work together to combat vehicle theft throughout Arizona. Beginning in 2000, the AATA began issuing annual grant funding to law enforcement agencies across the state to proactively combat auto theft. AATA funded programs are currently located in counties which account for 93% of the state's auto theft problem. AATA Grant Programs have been impacted by funding sweeps during the past three fiscal years, 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 and FY12. Future proactive initiatives, technology, and programs to combat auto theft and the organized crime associated with auto theft continue to be developed in anticipation that the extraordinary fund sweeps will cease.

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 a 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 prosecution partners. AATA grantees and end users also 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 (65.5% of AATA Budget).



The Arizona Vehicle Theft Task Force (AVTTF) or "RATTLER" (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.

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.

**AZ. VEHICLE THEFT TASK FORCE
FY'11 RESULTS**

JULY – JUNE	2010-2011	
Combined Activity	Number	Estimated Value
Stolen Vehicles Recovered	1,455	\$19,022,113
Stolen Vehicle Locates	0	
“Chop Shops” Investigated	28	
Altered/Switched VIN’s	171	
Felony Arrests	147	
Adults	142	
Juveniles	5	
Insurance Fraud Cases	8	
Business Inspections	42	
Border Interdiction Programs	29	
CORE Programs	3	
Training Provided	21	
Assists to Other Agencies	504	

Arizona Vehicle Theft Task Force – 2011 Case Highlights

During the 2011 calendar year, the Arizona Vehicle Theft Task Force 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.

On January 31, 2011, Arizona Vehicle Theft Task Force detectives executed a search warrant at a residence in south Phoenix. Detectives recovered a stolen 1984 Chevy Blazer that was in the process of being dismantled. Parts and evidence to an additional six stolen vehicles was located at the residence. A Mesa police uniform jacket and riot helmet was recovered and returned to the Mesa officer. The items were stolen with his personal vehicle in November 2010. Tools and equipment used in the operation of a chop shop were seized. Felony charges were filed on two suspects.



On April 1, 2011, Task Force detectives located a stolen 2006 Ford F250 pickup equipped with LOJACK. The stolen Ford pickup was eastbound on I-10 at M.P. 150 and followed until Highway Patrol Officers could respond to assist. Highway Patrol marked units attempted to stop the stolen Ford pickup at M.P. 180 on I-10. The stolen pickup was driven off the highway into the desert where both occupants fled on foot. Both occupants were located and arrested. Both suspects were booked into the Pinal County Jail. The stolen Ford F250 pickup was loaded with gas, food and supplies used by the smuggling organizations.

On April 8, 2011, Task Force detectives located a stolen 2001 Ford F350 traveling eastbound on I-10 at MP 190. The vehicle was recently reported stolen to Peoria P.D. and entered minutes prior to the Task Force detectives locating the vehicle. DPS Highway Patrol and Pinal County Sheriffs deputies attempted to stop the vehicle on I-8 at Montgomery Road. The

vehicle failed to stop and a pursuit followed. The vehicle was lost in the area of Midway Road and Arica Road due to the large amount of dust. The vehicle was located abandoned by PCSO deputies in the desert area southeast of Cocklebur Village on the Tohono O'odham Reservation. The occupant(s) of the vehicle had fled on foot and were not located. The stolen Ford pickup was loaded with gas, food, and supplies for the smuggling organizations.



Task Force detectives inspecting crushed vehicles at Tucson scrap yard.



Stolen crushed car located at scrap yard in Tucson.

In April 2011, AZ. Vehicle Theft Task Force detectives began working a case involving stolen vehicles being sold as scrap metal. In August 2011, the investigation was concluded and resulted in a search warrant being served at a metal management yard in Tucson. Throughout the course of this 5-month investigation, Task Force detectives conducted 24 separate undercover transactions. Six employees were identified and involved in the case. Arizona Attorney General's Office worked hand in hand with Task Force and Tucson P.D. Auto Theft Detectives throughout the investigation. On August 23, 2011 members of the Arizona Vehicle Theft Task Force along with Tucson Police, Arizona Department of Transportation, Arizona Attorney General's Office and National Insurance Crime Bureau converged on the business and executed a search warrant. Task Force and ADOT investigators inspected the entire yard. In all 350 vehicles and 17 pieces of heavy equipment were inspected. Five stolen vehicles were recovered. Four of the six suspect employees were booked on chop shop charges. Each of the six suspects is facing multiple, up to 17 count indictments in a continuing criminal enterprise investigation.

On June 30, 2011, Task Force detectives working a detail in the Casa Grande area located a stolen 2005 GMC pickup traveling eastbound on I-10 at M.P. 185. A traffic stop was initiated on the stolen vehicle at M.P. 198. The vehicle failed to yield and fled into the fields south of I-10, where it became stuck. The driver fled on foot into a plowed field. The driver was later apprehended and booked into the Pinal County jail for theft of means of transportation. Per Border Patrol, the suspect had been deported in April 2011. The stolen vehicle was loaded with food, gas cans, and supplies for the smuggling organizations. The GMC pickup was stolen just a few hours earlier in Tolleson.

On July 20, 2011, Task Force detectives received information from NICB that a suspect had filed a false auto theft claim to an insurance company in the amount of \$12,467.91. The suspect had received the insurance money and was hiding the vehicle in his garage. Task Force detectives conducted surveillance on the residence and observed the suspect open the garage door and saw the reportedly stolen Lincoln Navigator inside his garage. Task Force detectives executed a search warrant on the location and identified the Lincoln Navigator as the listed stolen vehicle. The suspect was charged with insurance fraud.

On September 15, 2011, Border Patrol and Task Force detectives located a stolen 2004 GMC pickup, brushed up approximately 5 miles south of I-8 off Freeman Road. The stolen pickup was loaded with marijuana. Task Force detectives took the case disposition and transported the stolen GMC pickup with the marijuana load to the Phoenix DPS Property and Evidence room. The marijuana was off loaded and processed. The marijuana weighed approximately 1814 pounds. The GMC pickup had been reported stolen two days earlier on September 13, 2011, to Glendale PD.

On October 10, 2011, Task Force detectives tracked a LoJack signal for a stolen 1998 Cadillac to a large auto repair yard in south Phoenix. With the assistance of Phoenix P.D. marked units the property was secured. The stolen Cadillac was located on the property and had been crushed with the engine

removed. Vehicle Theft Task Force detectives obtained and executed a search warrant on the auto repair yard. Detectives also recovered two stolen license plates, a stolen 1999 Dodge pickup, and parts to a stolen 2002 Chevy Tahoe. Four trailers were seized for having the VIN removed. One of the trailers was later identified as being stolen. One Kubota Tractor and numerous tools used in the operation of a chop shop were seized. Two suspects were identified and felony charges were filed for the thefts and operating a chop shop.

On October 25, 2011, Task Force detectives began working a crew in the Apache Junction and Mesa area that were stealing numerous vehicles. Several of the vehicles were stolen from small used car dealerships where the suspects used a fictitious driver's license to take vehicles on test drives and failed to return the vehicle. Task Force detectives worked closely with detectives from both agencies to locate and arrest the main players in this organization. One of the main suspects was pursued on four different occasions by police and evaded capture. On one occasion, this same suspect rammed a marked Apache Junction police car.

On November 16, 2011, Vehicle Theft Task Force detectives located the suspect in a stolen vehicle in Apache Junction. Task Force detectives pursued the suspect/stolen vehicle before the suspect bailed out in a neighborhood and eluded capture. Vehicle Theft Task Force detectives, Apache Junction P.D., Mesa P.D. and the U.S. Marshall's Office combined efforts and located the suspect on Saturday, November 24, 2011. A search warrant was executed on a residence in east Mesa where the suspect was refusing to surrender. Mesa P.D. Swat Team used tear gas prior to entry. The suspect was combative and had to be tasered in order to be subdued. The suspect was booked on several felony charges. During this investigation Task Force detectives recovered five (5) stolen vehicles and arrested ten (10) suspects.

On December 14, 2011, Vehicle Theft Task Force detectives assisted Yuma Police Department with the execution of a search warrant at a chop shop. Task Force detectives were able to identify parts to seven (7) stolen vehicles located on the property. The suspect was dismantling the stolen vehicles and selling parts or taking the chopped up parts to scrap yards to sell. The suspect was arrested and booked on numerous felony charges.



Task force detective inspecting parts during search warrant at chop shop in Yuma.



Stacks of stolen vehicles identified at Yuma chop shop.



Arizona's Bait Car Program

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. The 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.

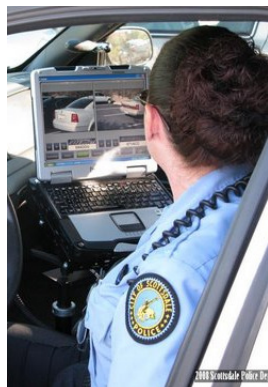
Arizona's Bait Car program began as a pilot AATA Grant project in 2003 by a handful of Valley law enforcement agencies then soon expanded across the state. Vehicles are donated by the National Insurance Crime Bureau (NICB) and its member companies, equipped with bait car systems funded by the AATA. Our agency credits the program with helping drive down Arizona's auto theft rate to its lowest level since the mid-1990's.

The program continues to demonstrate successful results; as of December 2011, the program has over 350 arrests since the program began.



License Plate Readers

The use of License Plate Readers (LPR's) by Arizona law enforcement agencies has increased in recent years. LPR's have the capability of scanning thousands of plates on a daily basis, sweeping parking lots, streets and highways to recover stolen vehicles faster than ever before.



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.

The results of the Vertical Prosecution Program over the last two years are as follows:

	<u>2010</u>	<u>2011</u>
Number of participating counties	3/1**	5
Number of vehicle theft cases filed	309	348
Number of convictions	305	300
Percent of convictions to cases closed	98.6%	95%
Amount of restitution ordered	\$667,602	\$500,000

** Funding eliminated second half of FY10 for all but Maricopa County due to Legislative fund sweeps.

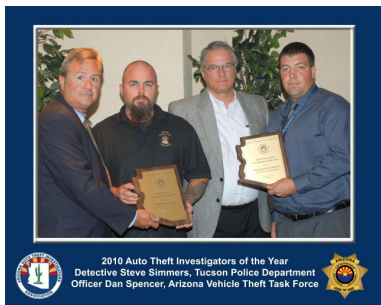


Professional Training Grants

This year, the AATA co-hosted the Arizona Auto Theft Investigators Association's 2011 Training Seminar. Over 200 attendees received training on a variety of topics concerning auto theft-related crime, 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 AATA provided FY12 Professional Training grants for 55 law enforcement personnel to attend this valuable training opportunity.

This year's seminar also included an Award Ceremony for AATA's 2010 Award Recipients, which include law enforcement, criminal justice and insurance partners who have demonstrated outstanding accomplishments in combating auto theft in Arizona.

AATA 2010 Award Recipients



Public Awareness/Prevention



Gilbert Police Department Crime Prevention Unit Hosts Auto Theft Prevention & VIN Etching Event



Governor's Proclamation – 2011 Auto Theft Prevention & Awareness Week

The AATA's 2011 public awareness and prevention efforts focused on strengthening 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.



The AATA hosted the 6th Annual Statewide Auto Theft Prevention & Awareness Week – March 1-5, 2011 in partnership with Arizona law enforcement agencies who participated by hosting auto theft prevention and/or free Vehicle Identification Number (VIN) etching events during this week.

This year the AATA also incorporated E-Newsletters and Social Media into our public outreach efforts, including Facebook (Arizona Auto Theft Authority) and Twitter (azautotheft).

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.

The AATA continues to promote our Youth Prevention Programs for middle school ("A Ride For Life: The Consequences of Auto Theft") and high school ("Park Smart New Driver") students. The AATA is in partnership with school districts and School Resource Officers to distribute and present these programs to students.

AATA media releases were distributed regularly to encourage consistent coverage of the AATA's efforts, current crime trends and statistics, and consumer protection topics. The AATA website (www.azwatchyourcar.com) is maintained by AATA 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 the public on the website.



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 2011, the AATA has approximately 60,000 vehicles enrolled in the program.

Financial Report

For the Year Ended June 30, 2011

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, 2011 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." A copy of the full audit report prepared by Heinfeld, Meech & Co., may be obtained by contacting the Arizona Automobile Theft Authority.

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, 2011 were \$ 5,158,872 an increase of \$27,749 or .54% from the prior year. All excess cash is invested with the State Treasurer and the Authority earned \$5,569 in investment income in the current year. The decrease of \$861 from \$6,430 in the prior year resulted from lower rates of return in the current year due to market trends.

Expenditures

Total expenditures for the current year were \$4,209,330, an increase of \$10,268 from the total expenditures from the previous year of \$4,199,062. This does not include a cash transfer to the primary government (State of Arizona, General Fund) of \$895,200, 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, 2011, the Authority was in compliance with this statute with "costs of administration" being 5.25%, of "the monies in the fund" as verified by the audit. The AATA's administrative costs for the fiscal year were 5.31% of total expenditures. The AATA ended the year with cash and investments with the State Treasurer of \$151,577.

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 previous years. The rate of revenue growth has slowed to a point of being virtually static. Therefore, in going forward the AATA was very cautious in its revenue projections, and projected no revenue growth for the fiscal year ending June 30, 2012. This means that the anticipated revenue in the next fiscal year should equal 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, 2013. 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, 2011

	June 30 2010	June 30 2011
Revenue		
Current Year Collections	5,131,123	5,158,872
Prior Year Collections	33,819	-
Investment Income	6,430	5,569
Grants	-	-
Refund of Unused Grant Funds	709	571
Total Cash Collections	5,172,081	5,165,012
Revenue Accrued at June 30th	(509,589)	53,756
Total Revenue	\$4,662,492	\$5,218,768
Expenditure by Program		
Administrative Costs (1,2)	271,311	271,046
Arizona Vehicle Theft Task Force Grant	3,328,440	3,100,000
Vertical Prosecution Program	290,614	302,175
Public Awareness	195,074	160,374
Public Awareness Grant Program	45,919	-
Law Enforcement Grant Program	47,198	29,037
Professional Training & Special Grant Program	-	14,759
Emergency/Discretionary Grant Program	20,506	331,939
Auto Theft Events	94	-
Other Travel	-	1,381
Miscellaneous	-	962
Total Expenditures (3)	4,199,156	4,211,673
Transfer to Primary Government	882,100	895,200
Excess of Expenditures Over Revenues	(418,764)	111,895
Beginning Fund Balance (4,5)	3,200,598	2,781,834
Ending Fund Balance (4,5)	\$2,781,834	\$2,893,729
Footnotes		
1. Administrative Costs as a Percentage of Cash Collections	5.25%	5.25%
2. Administrative Costs as a Percentage of Total Expenditures	5.34%	5.31%
3. Actual Expenditures by Category per Audited Financial Statements		
Appropriated Current Operating Expenses		
Personal Services	243,888	215,123
Employee related expenses	88,718	83,524
Professional services	11,855	13,213
Travel-in-State	1,481	2,827
Travel-out-State	1,345	1,965
Aid to Organizations	3,732,677	3,777,910
Other Operating	117,820	114,169
Non-capital equipment	1,278	599
Total Expenditures	\$4,199,062	\$4,209,330
Non-appropriated Expenses		
Other Travel	-	1,381
Miscellaneous	-	962
Auto Theft Events	94	-
Total Non-appropriated Expenditures	94	2,343
4&5. Fund balance includes accrued income as per the audited financial statements		
Total Expenditures	\$ 4,199,156	\$4,211,673
Cash invested with the State Treasurer as of June 30 th	\$146,007	\$ 151,577
Report based on audited financial statements		

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 2011, 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."

Future of the AATA –

During 2012, the AATA will continue to focus on its bold mission to reduce Arizona's vehicle theft rate while also maximizing agency effectiveness, efficiency and stakeholder satisfaction. The AATA will continue to grow and maintain strong partnerships statewide with law enforcement, insurance, public & private sector partners.

In 2012 and beyond, the AATA will continue its efforts to reduce its administrative costs (currently at 5.3%) while also maximizing resources through results-oriented and cost saving measures. All agency programs are reviewed not only for cost effectiveness and best practices, but also for ease of use for our law enforcement partners and stakeholders. The AATA will continue to utilize technology to streamline its processes and maximize resources in several areas including the Watch Your Car program, semi-annual insurance assessment collections and AATA Grant Database programs.

The AATA, with the assistance of the AZ. Vehicle Theft Task Force, has been actively fostering a collaborative approach with law enforcement officials in Mexico to effectively resolve border issues. The AATA will continue to foster and promote cooperation at both state and national levels by developing a viable partnership among the Border States, various law enforcement agencies, the Department of Homeland Security and private sector stakeholders to expedite the completion and implementation of effective programs. The AZ. Vehicle Theft Task Force will work in cooperation with federal agencies working along the Arizona/Mexico border. The AATA will continue to promote the aggressive pursuit, capture, and prosecution of auto theft criminals that plague our state.

Although AATA funded grant programs have been reduced the past three fiscal years, the prosecution and public education efforts will continue to be vital components in the AATA's long term strategies to combat auto theft in Arizona. With some revision, the AATA intends to continue its annual grant assistance program to local law enforcement agencies and county attorney offices statewide. The efforts of the criminal justice agencies involved with the AATA's grant programs thus far have been impressively effective at addressing the law enforcement, prosecution and public awareness and community education components of the AATA's mission.

In 2012, the AATA will continue to sponsor VIN (Vehicle Identification Number) etching events with partnering agencies throughout the state, as an effective visual vehicle theft deterrent and law enforcement recovery aid. The AATA will continue to support sustainable auto theft prevention programs across the State.



Additionally, the AATA will continue to seek additional opportunities to promote public awareness through partnerships with corporations and businesses by sponsoring employee events and presentations by AATA staff and law enforcement. We will also continue to increase program exposure through the Service Arizona website as another effective approach to educate the public about the Watch Your Car program and auto theft prevention safety tips.

The AATA is continuing its distribution of the youth prevention curricula programs for middle school and high school students in Arizona and will be seeking additional partnerships with (public and private) Driver's Education programs for teen drivers.

In 2011, the Agency will also look to expand our involvement with E-communications and web-based technologies.



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.

The Arizona Auto Theft Investigators Association (AATIA) & International Association of Auto Theft Investigators (IAATI)

John V. Abounader, Executive Director, 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, Maricopa County Attorney's Office
Captain Ramon Figueroa, AZ DPS/Arizona Vehicle Theft Task Force
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
Sgt. JD Hough, AZ DPS/Arizona Vehicle Theft Task Force
Steve Jimenez, AZ. DPS/Arizona Vehicle Theft Task Force
Kim Kelly, Gilbert Police Department
Mary Jo Kuzmick, Gilbert Police Department
Ralph Lumpkin, National Insurance Crime Bureau
Sgt. Brandon Luth, Maricopa County Sheriff's Office
Sgt. Jodie Martinez, Mesa Police Department
Christopher T. McDonold, President, IAATI
Vickie Owen, Gilbert Police Department
Bobby Owens, National Insurance Crime Bureau
Ellen Poole, USAA Insurance
Jessica Shuster, GAO, Central Services Bureau
Frank Scafidi, National Insurance Crime Bureau
Carmen Swanson, Sunwest Federal Credit Union
Nancy Temporado, AZ. DPS/Arizona Vehicle Theft Task Force
Sgt. Steve Wamsley, Arizona Vehicle Theft Task Force/Phoenix Police Department
Lieutenant Colonel 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 the AATA's Bait Car Program; Allstate, American Family, Country Mutual, CSAA, Farmers, Farm Bureau, Geico, Liberty Mutual, Nationwide-Victoria/Titan, Progressive, Safeco, State Farm, and USAA.

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