



JERRY PETROWSKI

WISCONSIN STATE SENATOR

Senate Bill 571

February 12, 2014

Mr. Chairman and members of the committee, thank you for the opportunity to speak today on Senate Bill 571.

This simple bill has been drafted at the request of the Department of Transportation (DOT). The bill requires DOT to cancel a motor vehicle title or registration if DOT discovers fraud on an agent of DOT, such as a motor vehicle dealer that process title and registration applications for DOT.

Under current law, DOT is required to cancel a motor vehicle title or registration if DOT discovers fraud on DOT. This bill simply extends the same cancellation authority to third-party agents who conduct business on the department's behalf.

To better explain a situation in which this would be necessary, I offer a scenario surrounding wholesale auto auctions that process titles on behalf of the Department. Every year, auto auctions handle hundreds of thousands of title transactions through the course of their business. Occasionally, a fraudulent document is submitted to the auction and a valid Wisconsin title is issued based on this fraudulent submission. Currently, the law does not address DOT's ability to rescind titles in these situations because the title was not *directly* submitted to the department. This same scenario applies to the other agents who process title applications on the department's behalf. This bill would address that issue.

Thank you again for the opportunity to speak on this bill. I would be happy to answer any questions you may have.

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DATE: February 12, 2014

TO: Members, Senate Committee on Transportation, Public Safety, and Veterans and Military Affairs

The Honorable Jerry Petrowski, Chair

FROM: Tom Rhatican, Assistant Deputy Secretary, Wisconsin Department of Transportation

SUBJECT: Senate Bill 571 (cancellation of vehicle title or registration for fraud)

Chairman Petrowski and Committee Members:

The Wisconsin Department of Transportation (WisDOT) supports Senate Bill 571 (SB 571), and its companion, Assembly Bill 715 (AB 715).

The bill simply clarifies that the Department has the authority to cancel a title if it is fraudulently submitted to a third party acting on behalf of the Department, i.e., auto dealers. SB 571 will not change the way that we currently enforce the elimination of fraudulent titles. It simply adds clarity to existing law.

Currently, we have over 3,300 agents providing motor vehicle title services in Wisconsin. Overall, the system works exceptionally well. While we have cancelled 80 titles in the last 5 years, we have also completed 8,878,195 successful title transactions during this same time period.

Currently, we rely on a reading of two related statutes to enforce title cancellations when fraudulent titles have been submitted to our 3rd party agents. This bill simply adds the necessary statutory language so that we can take action when there is not only "fraud on the department," but also fraud on "an agent of the department..."

The Department has tools in place to help avoid attempts at the fraudulent transfer of title. Wisconsin participates in the National Motor Vehicle Title Information System (NMVTIS), a national database created to protect consumers by preventing the introduction or reintroduction of stolen motor vehicles. However, if a person creates a fraudulent title and then sells it the remedy becomes a civil matter between the two parties – with possible criminal charges. Regardless of the outcome, WisDOT must cancel the fraudulent title as soon as we have evidence of fraud.