



North American Export Committee

January 22, 2015

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue NW
Suite CC-5610 (Annex A)
Washington, DC 20580

RE: Used Car Rule Regulatory Review, 16 CFR part 455, Project No. P087604

Secretary Clark:

The North American Export Committee (NAEC) was created in 1996 by a group of individuals from organizations concerned with the growing problem of stolen vehicles being exported. Since its founding, the NAEC has held biannual meetings in the United States, Canada and Mexico to further establish the organization. From these meetings, the NAEC has developed model export programs that encompass the mission and vision of the organization on how to combat the illegal exportation of stolen vehicles. (www.naec.ws)

As a law enforcement support organization, NAEC is fully aware of the many ways in which inconsistencies and limitations in federal and state branding and titling rules and regulations, in combination with sometimes outright illegal avoidance of reporting and recording of titling information by the parties involved in the purchase and sale of used and salvage automobiles, provide opportunities to exploit this multi-billion dollar market for illicit ventures ranging from small-scale criminal activity and domestic organized crime to international organized crime. We are also fully aware of the fact that auto safety-related issues are plaguing American consumers.

Often these unsafe and/or non- road worthy vehicles are exported to unsuspecting foreign markets, which should be unacceptable to our foreign trade policies.

In response to the FTC's 2012 Regulatory Review of the Used Car Rule, we believe that the Rule provides the FTC an excellent tool with which to fulfill its mission of preventing business practices that are anticompetitive, deceptive or unfair to consumers. We commend the Commission for continued consideration of the role the Used Car Rule can play in protecting consumer purchasers of used cars by providing meaningful vehicle history information.

We strongly recommend a requirement for disclosure based upon a timely (within 30 days) commercial history report incorporating National Motor Vehicle Titling Information System (NMVTIS) data, with a clear warning disclosure requirement when the vehicle's history shows a branded title, prior brand history or prior salvage vehicle reporting by an insurer or NMVTIS junk/salvage reporting entity, as well as a record of whether the vehicle is an active stolen vehicle, will ensure that prospective purchasers receive key protective information upon which to determine whether and how to proceed with the purchase process.

The need for the report to be timely is paramount, both because an obsolete report may fail to include current critical information, and more specifically because NAEC has knowledge of patterns of conduct by parties who fail to report mandated reporting of total-loss and salvage activity within the required time periods and as a result the reporting from these non-compliant transactions lag the activity and allow for subsequent sales before the total-loss/salvage and title history information catches up with the reporting.

In addition to carrying universal information that is most useful to potential used car purchasers as an indication of prior damage, NMVTIS also carries a legal mandate to be reported into and automatically includes all total loss vehicles even if there are loopholes in definitions in state rules. Non-reporting of these vehicles into NMVTIS, unlike in any other car history report service, would involve a violation of law and, as a result, NMVTIS may give a defrauded party who relied upon NMVTIS reporting some recourse against the party that failed to report (unlike for any other vehicle reporting service where the reporting is a result of voluntary compilation by the reporting service and a failure to show up will not give any recourse to a subsequent defrauded purchaser).

NAEC strongly urges the Commission to reconsider the SNPRM Vehicle History Approach to include the following:

- **Require sellers to check each vehicle's history with a history report that incorporates NMVTIS data and prominently display on the vehicle a warning sticker on a vehicle when offered for sale if the NMVTIS vehicle history data, recent within the past 30 days, indicates that:**
 - A The vehicle is or has been reported as a total loss by an insurance company;**
 - B The vehicle has been reported as acquired by a NMVTIS junk/salvage reporting entity;**
 - C The certificate of title contains a brand or was previously branded; and/or**
 - D The vehicle is an active stolen vehicle.**
- **Require sellers to make at least one vehicle history report containing NMVTIS data, current within 30 days, available upon request by a potential purchaser and also to provide any other reports containing NMVTIS data obtained within the past 30 days available to a potential purchaser upon request.**
- **At the time of sale, require seller to run a current (day-of-sale) vehicle history report containing NMVTIS data to confirm to the buyer that no additional disclosure is required due to new and recent reporting which would result in a warning alert. The day-of-sale report should be made available to the purchaser upon request.**

Subsequently, in our opinion NMVTIS data provides the starting point for protection of consumer interests. Other federal databases can also be combined with this NMVTIS reporting – and many data providers do offer enhanced reporting that augment and differentiate their services.

NAEC considers many of these services to be very valuable and to provide additional benefits to consumers. However the bottom line for us is that – because of the timeliness, comprehensiveness, legal mandate for reporting, universality of data elements and other reasons outlined above, the Commission should mandate that a current NMVTIS public portal data reporting should be the base criteria that the Commission should mandate with any vehicle history report that it deems suitable for consumer disclosure.

NAEC also urges the Commission to mandate that all dealers must check the safety recall database for every vehicle they are planning to offer for sale so that they are aware of any open safety recalls issued by the vehicle manufacturer. This eliminates the possibility that a seller could be unaware of any open safety recall and through this awareness they would then be in the position to correct any open safety defect(s) before offering the vehicle for sale.

Subsequently, we respectfully ask that you give serious consideration to our request, which will be very beneficial to the Law Enforcement Community and the public.

Respectfully ~~on~~ behalf of the NAEC Membership,

Dennis Frias
Chairman, NAEC