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Bill Advances to Tackle Junk Vehicle Fraud in the Virgin Islands

Bill 35-0409 aims to close gaps in the vehicle titling system by mandating salvage vehicle reporting to the BMV, addressing title washing, and protecting consumers from unsafe vehicles and fraudulent practices

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Members of the Committee on Homeland Security, Justice, and Public Safety voted in favor of Bill 35-0409, which would create new regulations for purchasers of junk and salvage vehicles. Sponsored by Senator Samuel Carrion, the draft legislation is expected to address “critical gaps in our vehicle titling system.” The bill, he told his colleagues, “protects consumers and law enforcement, but also upholds the integrity of our vehicle title system.”

If enacted into law, Bill 35-0409 would amend the definition of “salvage vehicle purchaser” or “junk vehicle purchaser” to include junk and salvage vehicle businesses. It would also require “salvage vehicle purchasers to file a report with the Bureau of Motor Vehicles that documents the salvage vehicles obtained and sold during a given period.” Failure to file these reports will result in a fine of between \$500 and \$1000.

The Virgin Islands is currently grappling with an issue referred to as “title washing”, where junk and salvaged vehicles are being fraudulently presented as roadworthy. According to Senator Carrion, the repercussions are two-fold. “The unsuspecting buyer may purchase vehicles that are unsafe for operations, leading to potential hazards on our roads,” he noted. The practice simultaneously creates an issue for insurance companies that may unknowingly provide full coverage for junk or salvage vehicles.

Further, the V.I. Bureau of Motor Vehicles is currently not in compliance with a federal mandate to report on the integrity of vehicle titles under the Anti-Theft Act. Inability to comply, explained Carrion, “puts us at odds with federal law and risks creating a haven for fraudulent activities.” The measure seeks to resolve these issues.

According to the senator, insurance companies have indicated their support for the bill, having “recognized its importance in addressing issues of fraud, consumer protections and compliance with federal standards.”

The Bureau of Motor Vehicles, too, found the proposed legislation important. “We have seen a significant increase in the number of washed titles coming into the territory,” testified BMV Director Barbara McIntosh. “I’m sure there are several V.I. titles that are being manipulated when vehicles leave the territory.” Unfortunately, the BMV’s current inability to report this information to the federal system is creating a challenge, as Carrion highlighted. Ms. McIntosh explained that “reporting is important to protect consumers from fraud and unsafe vehicles and to keep stolen vehicles from being resold.”

McIntosh believes that amending the law will allow the BMV to capture the relevant information when junk or salvage purchasers report vehicle information to the Bureau. Then, BMV staff will be able to upload information to the existing federal reporting system – the National Motor Vehicle Title Information System. “We have to have mandatory reporting by people who are actually buying these junk vehicles or salvage vehicles within the territory, and we don’t have that,” she explained, informing lawmakers of an influx of vehicles stolen on the mainland and shipped to the territory. Reporting will provide access to federal databases, enabling the BMV to identify whether imported vehicles have had their titles washed.

The associated penalties for non-compliance with the reporting requirements also won the support of the Bureau. “If there are no penalties, then the assumption is it’s not that important, or enforcement is impossible,” the director noted.

Lawmakers found little reason not to support Bill 35-0409, and all six committee members present at Wednesday’s meeting voted it through to the next sitting of the Committee on Rules and Judiciary.