



# **PERFORMANCE AUDIT REPORT**

## **Limited-Scope Audit**

**Insurance Auto Salvage Auctions in Kansas:  
Reviewing the System for Regulating the Sale of  
Vehicles Acquired Through These Auctions**

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
July 2006**

# ***Legislative Post Audit Committee***

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## ***Legislative Division of Post Audit***

**THE LEGISLATIVE POST** Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$11 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

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July 5, 2006

To: Members, Legislative Post Audit Committee

Senator Les Donovan, Chair	Representative John Edmonds, Vice-Chair
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Senator Nick Jordan	Representative Peggy Mast
Senator Derek Schmidt	Representative Bill McCreary
Senator Chris Steineger	Representative Tom Sawyer

This report contains the findings, conclusions, and recommendation from our completed performance audit, *Insurance Auto Salvage Auctions in Kansas: Reviewing the System for Regulating the Sale of Vehicles Acquired Through These Auctions*.

The report includes a recommendation for better protecting the citizens of Kansas from the physical and financial dangers of salvage vehicles that have been inadequately repaired or fraudulently titled.

We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Barbara J. Hinton  
Legislative Post Auditor

## Get the Big Picture

Read these Sections and Features:

1. **Executive Summary** - an overview of the questions we asked and the answers we found.
2. **Conclusion and Recommendations** - are referenced in the Executive Summary and appear in a box after each question in the report.
3. **Agency Response** - also referenced in the Executive Summary and is the last Appendix.

### *Helpful Tools for Getting to the Detail* 🔍

- In most cases, an “**At a Glance**” description of the agency or department appears within the first few pages of the main report.
- **Side Headings** point out key issues and findings.
- **Charts/Tables** may be found throughout the report, and help provide a picture of what we found.
- **Narrative text boxes** can highlight interesting information, or provide detailed examples of problems we found.
- **Appendices** may include additional supporting documentation, along with the audit **Scope Statement** and **Agency Response(s)**.

**EXECUTIVE SUMMARY**  
LEGISLATIVE DIVISION OF POST AUDIT

**How Does Regulation of the Salvage Vehicle Pools in Kansas Compare to Regulation in Other States, and What Steps Could Be Taken To Improve the State’s Oversight of These Operations?**

*A vehicle is considered to be a salvage vehicle if it is more than seven years old and damaged to such an extent it can’t be driven safely on State highways, less than seven years old but has damage equal to at least 75% of its previous fair market value, or has been declared a total loss by the owner’s insurer.* ..... page 3

**Salvage vehicle pools acquire damaged vehicles primarily from insurance companies.** *Salvage vehicle pools store, display, and sell salvage vehicles on behalf of third parties. They don’t own the vehicles they sell; they are the sales agent for the owner. Salvage pools host vehicle auctions at their own location, over the Internet, or both. As of April 2006, Kansas had 17 registered salvage pools, mostly in the eastern half of the State.* ..... page 3

*The sale of salvage vehicles has been associated with criminal activity, such as Vehicle Identification Number (VIN) cloning and title washing. VIN cloning occurs when the VIN of a vehicle purchased at a salvage auction is removed and intentionally placed on a stolen vehicle of the same make and model. The stolen vehicle then is sold to a buyer who has no way of knowing its true history. Title washing involves re-titling a salvage vehicle in another state for the sole purpose of eliminating the salvage “brand,” because a vehicle with a clean title is worth far more than the same vehicle with a salvage title.*

**Compared to four other states we contacted, Kansas had the weakest level of oversight of salvage vehicle pools.** *We looked at four states reported to have relatively good systems for overseeing salvage vehicle pools--Missouri, Ohio, Oklahoma, and Wisconsin.* ..... page 6

*Kansas’ only requirements for salvage pools are that they register with the Division of Vehicles, pay a one-time registration fee of \$50, and maintain copies of the titles of vehicles they sell. In contrast, the states we reviewed employ most or all of the following strategies to regulate salvage pools:*

- *require salvage pool operators to be licensed*
- *require background checks for operators of salvage pools*
- *allow state officials to request and review sales records of salvage pools*
- *require bidders at salvage auctions to have a state-issued buyer identification card, available only to certain types of licensees*

**A national program that would help decrease title fraud has been stalled by lack of federal funding.** *The National Motor Vehicle Title Information System was created by the Anti-Car Theft Act of 1992 to combat title fraud. This database would allow states to verify the history of a vehicle before a title is issued, thus minimizing title fraud. In addition, the system is designed to make vehicle history reports accessible to law enforcement agencies, insurance providers, vehicle manufacturers, and consumers.* ..... page 9

*In order for the system to be fully functional, all states need to participate. But because of a lack of federal funding, only 28 states do so. Kansas is not a participant — State officials submit information to the database, but they estimate the State would have to spend several hundred thousand dollars in start-up costs to be able to get information from the database. A 2001 cost study completed for the U.S. Department of Justice (which is responsible for the system), concluded that, although it would cost \$22 million to fully establish this national database, it would save vehicle buyers from \$4 billion to 11 billion per year if all states participated.*

**Conclusion** ..... page 9

**Recommendation** ..... page 10

**APPENDIX A: Scope Statement** ..... page 11

**APPENDIX B: Agency Response** ..... page 12

This audit was conducted by Brad Hoff. Cindy Lash was the audit manager. If you need any additional information about the audit's findings, please contact Mr. Hoff at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

# **Insurance Auto Salvage Auctions in Kansas: Reviewing the System for Regulating the Sale of Vehicles Acquired Through These Auctions**

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Insurance companies often acquire vehicles that are badly damaged because of accidents, floods, or other conditions that may make them unfit for resale. These types of vehicles typically are brought to insurance auto salvage auctions and auctioned off for their salvage value to the highest bidder.

K.S.A. 8-2401 defines a “salvage vehicle pool” as any person who, as an agent for a third party, is primarily engaged in the business of storing, displaying, and offering salvage vehicles for sale. Although salvage vehicle pools are required to register with the Department of Revenue’s Division of Vehicles, they are not licensed or regulated by the Division.

Recently, legislators have expressed concerns about the unregulated nature of this business. Specific concerns are that salvage vehicles from these pools later are being sold without their origin being disclosed to unsuspecting individuals or to car dealers who don’t know they may be purchasing or reselling a rebuilt or stolen vehicle.

This limited-scope performance audit answers the following question:

**How does regulation of salvage vehicle pools in Kansas compare to regulation in other states, and what steps could be taken to improve the State’s oversight of these operations?**

To answer this question, we identified the number of registered insurance auto salvage auction pools in Kansas and their locations. We reviewed literature and talked to representatives of the salvage industry to understand how salvage vehicle pools operate. We also interviewed Division of Vehicles officials to learn what Kansas does to regulate salvage vehicle pools. In addition, we talked to officials of the Highway Patrol and Insurance Department to understand those agencies’ roles in dealing with salvage vehicles. Finally, we interviewed officials in Missouri, Ohio, Oklahoma, and Wisconsin to determine how they regulate salvage vehicle pools.

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in *Appendix A*.

In conducting this audit, we followed all applicable government auditing standards set forth by the U.S. Government Accountability Office.

## How Does Regulation of the Salvage Vehicle Pools in Kansas Compare To Regulation in Other States, and What Steps Could Be Taken To Improve the State’s Oversight of These Operations?

**ANSWER IN BRIEF:** *Kansas has very limited oversight of salvage vehicle pools compared with four other states we contacted. In Kansas, salvage vehicle pools aren’t licensed or regulated—the only requirements are that they register with the Division of Vehicles, pay a one-time registration fee of \$50, and have available a certificate of title (or facsimile or photocopy of the complete title) for salvage vehicles they sell. The Division has no authority to review those titles. In contrast, the four states we reviewed generally require salvage pools or their operators to be licensed, require background checks for salvage pool operators, allow state officials to request and review sales records of the pools, and limit who can purchase vehicles from the salvage auctions. Kansas could implement any of these requirements. A federal database authorized nearly 15 years ago to help decrease title fraud, including fraud associated with salvage vehicles, still is not fully functional, and Kansas is not a participant in that system. These findings are presented after a description of salvage vehicles and pools, and the concerns associated with the sale of salvage vehicles.*

### ***Salvage Vehicle Pools Acquire Damaged Vehicles Primarily from Insurance Companies***

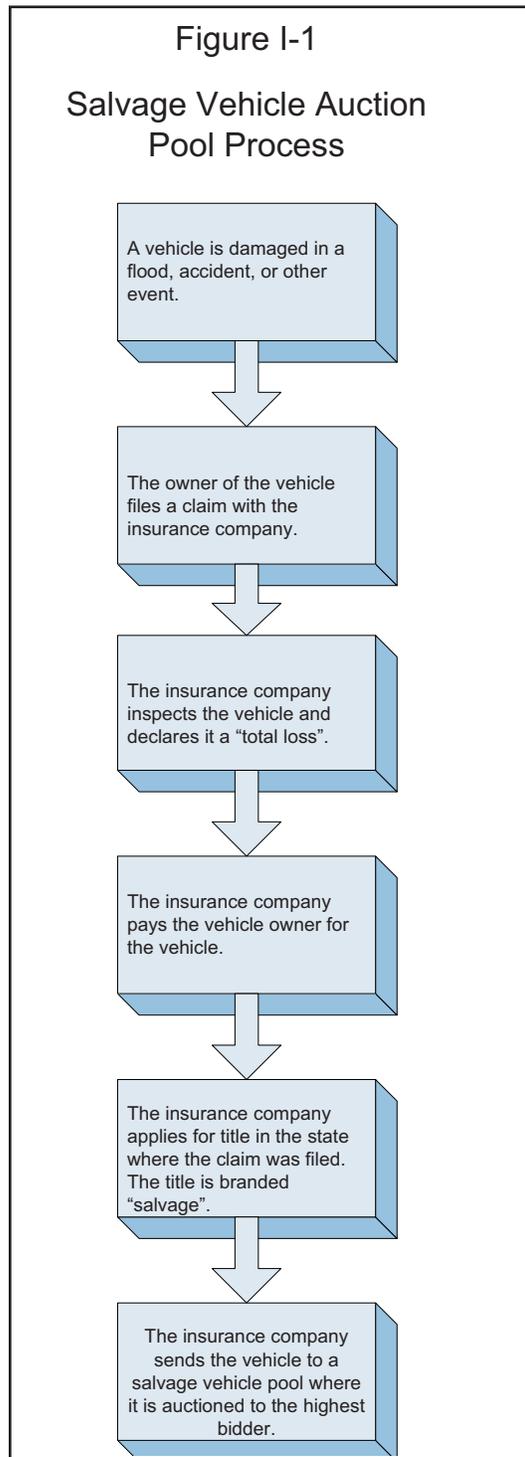
Under Kansas law, a salvage vehicle is one which:

- is more than seven years old and has been wrecked or damaged to such an extent that it can’t be driven safely on State highways,
- is less than seven years old, and has been wrecked or damaged to such an extent that the total cost of repairs is 75% or more of the fair market value of the vehicle immediately prior to the damage, and the damage is not merely cosmetic (such as might result from hail), or
- has been declared a total loss by the insurer, who has taken title to the vehicle

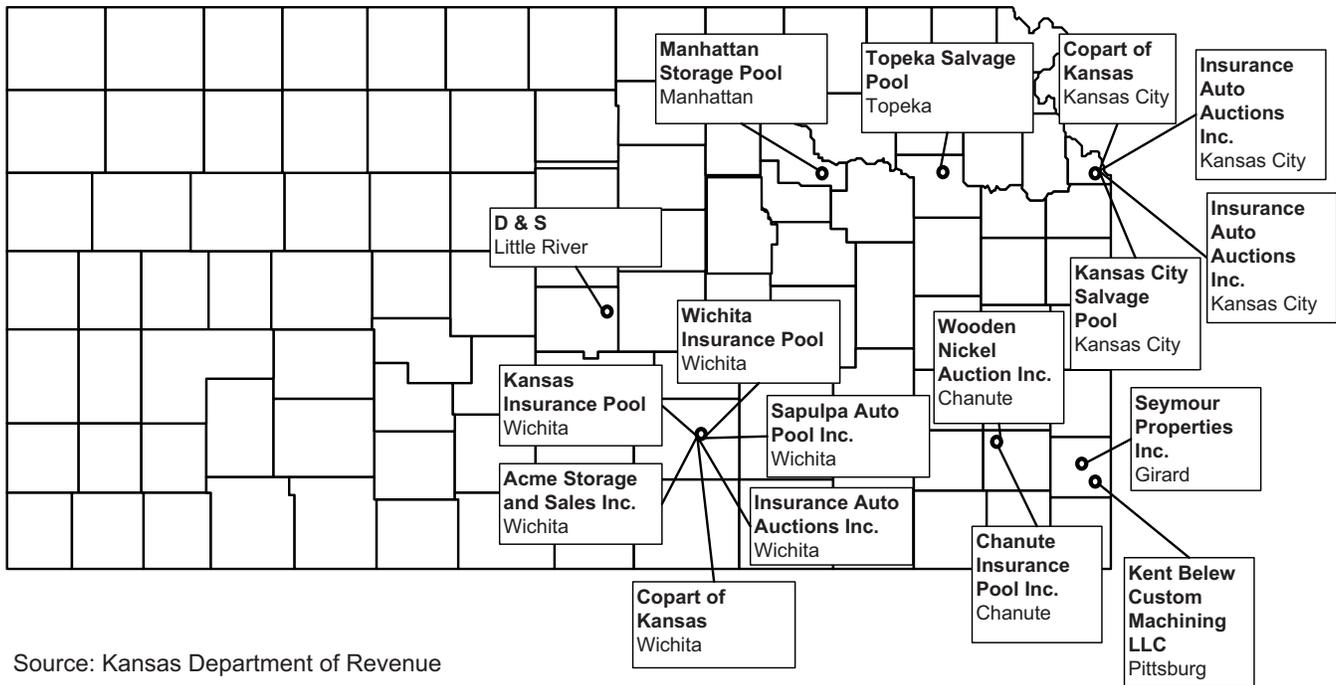
Salvage vehicles often end up at salvage vehicle pools, which store, display, and sell them on behalf of a third party. Although sometimes referred to as “insurance pools” because this historically has been the primary source of the vehicles they sell, salvage pools also accept vehicles from other sources, such as car dealers, rental car companies, and lenders. Salvage pools do not own the vehicles they sell; they are the sales agent for the owner.

**Salvage vehicle pools host auctions where prospective buyers bid on vehicles.** Traditionally, these auctions were held at the salvage pool’s location, vehicles could be viewed firsthand before the sale, and prospective buyers had to be on-site to bid. In the last

several years, there's been a trend toward conducting auctions on the Internet, either solely or in conjunction with an on-site sale. Internet auctions make it possible for bidders to be located nearly anywhere, which increases the number of potential bidders. It also means some or all participants will base their bid only on Internet pictures of the vehicle and such other information as the salvage pool provides. **Figure I-1** shows the general process of how a vehicle might arrive at a salvage auction.



## Registered Insurance Auto Salvage Auction Pools in Kansas



Source: Kansas Department of Revenue

As of April 2006, Kansas had 17 registered salvage pools. Most of the salvage pools are located in the eastern half of the State; the largest concentrations are in Wichita and Kansas City. The map shows the name and location of registered salvage pools in Kansas.

**The sale of salvage vehicles has been associated with problems related to criminal activity and consumer protection.** The criminal activities most often associated with salvage vehicles are vehicle identification number (VIN) cloning and “title washing,” or otherwise obscuring a vehicle’s damage history with a clean title.

VIN cloning occurs when a vehicle is purchased at a salvage auction for the sole purpose of removing its VIN and placing it on a stolen vehicle of the same make and model. This makes it nearly impossible for the vehicle to be identified as stolen. It’s then sold to a buyer who has no way of knowing its true history.

Title washing involves re-titling a salvage vehicle in another state for the purpose of eliminating the salvage “brand” on the title, because a vehicle with a clean title is worth far more than that same vehicle with a salvage title. (“Brands” are qualifiers attached to a title that indicate some imperfection in the vehicle;

for example, salvage, rebuilt, lemon, non-highway, and so on.) The variation between states in the brands they use and the way they identify those brands on the title make it possible to hide a vehicle's history. Here's an example of how a title can be "washed" of its salvage brand:

*A vehicle with a salvage title is purchased in Kansas. It's retitled in Arkansas, which doesn't use the term "salvage." Instead, the new title will say "damaged." When the vehicle is retitled in yet another state, the owner may explain that the damage has been repaired, and the vehicle receives a clean title.*

Once a vehicle has a clean title, buyers typically have no way to know of the previous damage. At a minimum, buyers overpay for these vehicles; at worst, they end up with unsafe vehicles they would not have bought at any price had they known the true history.

Although services such as Carfax can be used to obtain a vehicle's history, the databases those services use may be incomplete. Some states reportedly withhold information from the databases, and information that is reported may not be timely enough to identify vehicles that are quickly rebuilt and sold. In addition, there have been cases nationwide where vehicles that were declared a total loss by an insurer were sold without being retitled.

In Kansas, application for a salvage title must be made within 30 days after an insurance company declares a vehicle a total loss. Failure to do so is a Class C non-person misdemeanor. However, in 2005, State Farm Insurance Company settled with the attorneys general of 49 states for \$40 million, admitting that it resold between 30,000 and 50,000 vehicles which it had declared a total loss, and for which it should have--but did not--obtain salvage titles. As a result, buyers purchased these vehicles with clean titles and had no way of knowing their safety, reliability, or true value.

Although salvage pools aren't the root cause of these problems, increased regulation of the pools can provide a way to address some of these issues simply because so many salvage vehicles will pass through a pool.

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***Compared to Four Other States We Contacted, Kansas Had the Weakest Level Of Oversight of Salvage Vehicle Pools***

During this audit we talked to vehicle officials in four states reported to have relatively good systems for overseeing salvage vehicle pools--Missouri, Ohio, Oklahoma, and Wisconsin. **Figure I-2** shows how Kansas compares to those four states on several measures related to the regulation of salvage pools.

Figure I-2 Comparison of Salvage Pool Oversight					
	Kansas	Oklahoma	Missouri	Wisconsin	Ohio
Require salvage pools or their operators to be licensed		✓	✓	✓	✓
Require background checks for operators of salvage pools			✓	✓	✓
Allow state officials to request and review sales records		✓	✓	✓	✓
Require bidders to have a state-issued buyer identification (BID) card, available only to certain types of licensees.		✓	✓	✓	✓
Source: LPA analysis of sample states					

**Salvage pools in Kansas are registered, rather than licensed, and there are no requirements for pool operators.** Kansas' only requirement for salvage vehicle pools is that they register with the Department of Revenue's Division of Vehicles and pay a one-time fee of \$50. Registration simply helps ensure the State is aware of a business' existence. Licensing typically involves setting some level of standards for operation of the business. By contrast:

- Ohio licenses salvage vehicle pools, and requires applicants for a license to demonstrate fiscal viability (by submitting financial statements showing the business has a net worth of at least \$20,000). Ohio officials are allowed to inspect the businesses' premises and records. License fees are \$100, and licenses must be renewed every two years.
- Missouri, Oklahoma, and Wisconsin require operators of salvage pools to hold a license as a salvage business, a used car dealer, or a wholesale dealer. Each type of license has criteria that must be met before a license is issued.

**Kansas doesn't know as much about the backgrounds of the people operating auto salvage pools as some other states do.**

Because of opportunities for illegal activity associated with salvage vehicles, it's important to ensure that individuals with past criminal histories aren't involved in acquiring and selling salvage vehicles.

Kansas doesn't conduct background checks on salvage pool operators when they register. In Ohio, however, applicants must submit a police report form showing criminal history, and a conviction for a felony or misdemeanor crime related to salvage vehicles is grounds for denial of a license. Wisconsin runs a background check on applicants to see if they've been convicted of a felony.

**Kansas doesn't have the authority to review the records of salvage pools.** By looking at titles contained in sales records,

it's easy to tell whether vehicles that were declared a total loss actually had salvage titles, as required by law. In addition, sales records identifying the buyer are important in spotting patterns of suspicious purchases.

In Kansas, salvage vehicle pools are required to keep a copy of the title of vehicles they sell, but State law makes no provision for the Division of Vehicles to see these titles or any other records of the salvage pool. (Copies of the titles would be available to law enforcement officials with probable cause and a search warrant.) State law doesn't specify how long copies of titles must be maintained.

The four states we reviewed all give state regulatory officials access to sales records from salvage pools whenever necessary.

**Kansas is less restrictive about who can purchase a vehicle from a salvage pool.** Salvage vehicles pose physical and financial risks to the public when unscrupulous individuals buy them. A salvage vehicle that is rebuilt poorly, with structural flaws that aren't readily apparent and a new coat of paint and its title "washed" to disguise its history, can end up in the hands of an unsuspecting consumer. In Kansas, any individual who creates a user ID and password and pays a registration fee to the salvage pool is able to bid on vehicles at the salvage pool auctions.

Each of the four states we contacted require individuals to have a State-issued BID card in order to participate in salvage auctions, and only issue BID cards to individuals who are involved with the automotive or salvage business and who meet certain criteria, as follows:

- Oklahoma BID card holders must have an automobile dismantler license or a rebuilder certificate
- Missouri limits BID cards to people with a salvage dealer and dismantler license who are actively engaged in the business
- Ohio limits BID cards to people with a salvage motor vehicle dealer license, who are in good financial standing and who have not been convicted of a felony
- Wisconsin issues BID cards to licensed motor vehicle dealers, salvage dealers, or wholesale dealers. BID card holders have to be at least 18 years old, can't have a conviction for a crime related to the sale of motor vehicles, and must renew the card annually or biannually.

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***A National Program  
That Would Help  
Decrease Title Fraud  
Has Been Stalled by  
Lack of Federal Funding***

The National Motor Vehicle Title Information System was created by the Anti-Car Theft Act of 1992 to combat title fraud. This computerized database was intended to store information on every title issued for a vehicle.

The information stored in this computerized motor vehicle title database allows state titling agencies to verify the validity of ownership documents when a new title is issued. For example, when fully operational, the database system will allow a titling agency to know whether a vehicle has ever been sold with a salvage title, or whether it has ever been reported stolen. Also, when a vehicle is retitled in a new state, the state in which it was formerly titled is notified of the move, so that it can inactivate the vehicle's title record, reducing the opportunity for criminals to obtain duplicate titles and use them fraudulently.

The system is expected to benefit titling agencies, law enforcement, insurance providers, vehicle manufacturers, and consumers by making vehicle history reports and other information readily available.

**A cost study completed in 2001 concluded that it would cost \$22 million to fully establish this national database, but that the system would save vehicle buyers from \$4 billion to 11 billion per year if all states participated.** For this system to maximize its effectiveness, each state needs to participate by providing information to the database. Until all states participate, the database system will not work as designed.

This national database reportedly has never received the federal funding it needed to be effective. Currently, only 28 states participate. In addition, consumers don't have access to the data. Kansas Division of Vehicles officials said Kansas voluntarily submits its titling information to the database electronically, but is not a participant in the system. They estimated Kansas would have to spend \$300,000 on start-up costs in addition to an annual fee to be a full participant with access to the data in the system. Because the future of the system is uncertain, State officials are reluctant to invest that level of funding. They have asked Senator Brownback to support increased federal funding for states to participate.

***Conclusion***

Title fraud is a nationwide problem, which probably is most effectively dealt with by a national solution such as a national motor vehicle title database. However, it's not clear that additional federal support to assist states in developing systems to link with

this national database is forthcoming, nor would it eliminate the benefit of State oversight activity. Salvage vehicle pools, although not the cause of title fraud, are a venue where that fraud can be both perpetuated and, to some degree, controlled. Kansas' lack of regulation of salvage pools places it far behind several states, which attempt to reduce title fraud and protect consumers by controlling who can operate and participate in salvage vehicle auctions, and by reviewing the records of those auctions.

***Recommendation***

To better protect the citizens of Kansas from the physical and financial dangers of salvage vehicles that have been inadequately repaired or fraudulently titled, the Department of Revenue's Division of Vehicles should propose legislation to the 2007 Legislature that would give the State meaningful oversight of salvage vehicle pools. In developing that proposal, the Division should consider the following options:

- a. implementation of a Buyer Identification (BID) card system to help ensure that only persons with a legitimate interest in salvage vehicles can make purchases at salvage auctions
- b. authority for the Department of Revenue to review titles and other sales records maintained by salvage pools
- c. creation of sanctions for salvage pools that fail to maintain vehicle titles as required by current State law

## APPENDIX A Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on January 30, 2006. The audit was requested by Senator Les Donovan.

### **Insurance Auto Salvage Auctions in Kansas: Reviewing the System for Regulating the Sale of Vehicles Acquired Through These Auctions**

Insurance companies often acquire badly damaged vehicles due to accidents, floods, or other conditions that may render a vehicle unfit for resale. These types of vehicles typically are auctioned off for their salvage value.

K.S.A. 8-2401 defines a “salvage vehicle pool” as any person who, as an agent for a third party, is primarily engaged in the business of storing, displaying, and offering salvage vehicles for sale. Salvage vehicle pools are not licensed or regulated by the Department of Revenue’s Division of Vehicles. The only statutory requirements are that they register with the Division, pay a one-time registration fee of \$50, and have available on their premises a certificate of title or facsimile or photocopy of the complete title of salvage vehicles they sell.

Recently legislators have expressed concerns about the unregulated nature of this business. Specific concerns are that vehicles from these pools are later being sold without their origin being disclosed to unsuspecting individuals or to other car dealers who don’t know that they may be reselling a rebuilt or stolen vehicle.

A limited scope performance audit of this topic would address the following questions.

**1. How does regulation of the salvage vehicle pools in Kansas compare to regulation in other states, and what steps could be taken to improve the State’s oversight of these operations?** To answer this question, we would determine how many salvage vehicle pools are registered in Kansas and where they are located. Through discussions with officials at the Division of Vehicles and people in the industry, we would become familiar with how the salvage vehicle pools operate. We would contact officials in other states to determine such things as how they license and regulate insurance salvage pool auctions, how ownership of an auctioned vehicle is disclosed, how vehicles are identified so that bidders can trace their history, who can bid on vehicles at these auctions, and what identification is required of bidders. Based on the information we obtain from other States and industry officials, and our own assessment of the opportunities for fraud, tax evasion, and laundering of stolen automobiles, we would make recommendations for ways the Legislature could consider improving the regulation of these pools.

Estimated time to complete: 200 hours

## **APPENDIX B**

### **Agency Response**

On June 15, 2006 we provided copies of the draft audit report to the Department of Revenue. Its response is included as this Appendix. The agency concurred with the report's findings and conclusions.



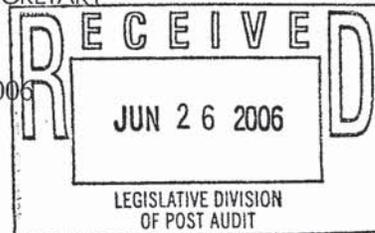
# K A N S A S

JOAN WAGNON, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF REVENUE  
OFFICE OF THE SECRETARY

June 21, 2006



Ms. Barbara Hinton,  
Legislative Post Auditor  
Legislative Division of Post Audit  
800 SW Jackson, Suite 1300  
Topeka, Kansas 66612

Dear Ms. Hinton:

Thank you for the opportunity to respond to the draft audit report, *Insurance Auto Salvage Auctions in Kansas: Reviewing the System for Regulating the Sale of Vehicles Acquired Through These Auctions*.

As noted in the audit report, the sale of vehicles through the Salvage Vehicle Pools is essentially unregulated in Kansas. Existing state law does not assign the regulatory authority that is needed to the Department of Revenue.

There are real risks associated with these sales. The most important is the increased public safety risk to all drivers due to the presence of potentially unsafe vehicles on the Kansas roadways. An elevated risk of consumer fraud is also present in the current environment.

To date, we have taken steps within the existing legal framework to improve public protection. In September 2006, the Department of Revenue plans to introduce a new vehicle title. The new title will be easier to read and understand, with the salvage brand on the title displayed in large, all-capital letters. The new title form will also include a bar code that can be read by a computer scan at any County Treasurer's office. Using the bar code will help deter and discover attempts to illegally alter a title.

While encouraging greater awareness among vehicle buyers is helpful, we believe increased regulation would be prudent. The Department of Revenue supports each of the options identified by Legislative Post Audit, and encourages the Kansas Legislature to consider assigning the Department of Revenue additional investigatory and oversight responsibilities in concert with these provisions. As noted, other states have determined that these measures represent an appropriate use of industry oversight that can be administered by state government at a reasonable cost.

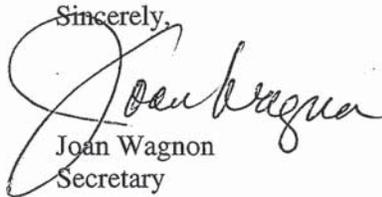
DOCKING STATE OFFICE BUILDING, 915 SW HARRISON ST., TOPEKA, KS 66612-1588  
Voice 785-296-3081 Fax 785-296-7928 <http://www.ksrevenue.org/>

The Kansas Legislature previously considered, but did not enact, legislation requiring a BID card system. We believe instituting the BID card system would be a good first step in regulating vehicle purchasers.

If the legislation suggested in this report were to be enacted, the Department would assign its Dealer License Investigators to conduct on-site investigations at salvage pool auctions. We would design and implement procedures to review titles and sales records at salvage pools. We would also need to establish a licensure process and a process for implementing sanctions as defined by the legislature to apply should a salvage pool fail to comply with state standards. Through study, we would determine the detailed procedures to be implemented and estimate the resource requirements at a later date.

Thank you for the opportunity to respond to the audit. We appreciate the professionalism displayed by the audit staff assigned to the project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joan Wagnon".

Joan Wagnon  
Secretary