Imported Vehicles
Tempting vehicles for sale in Canada. Oh, Canada!

Yes, that’s right, our maple and hockey loving neighbors to the north have vehicles for sale and they can really look like a good deal to the untrained eye.

But what is the attraction?
The Exchange Rate

- Right now, 1 US Dollar (USD) = 1.249 Canadian Dollar (CAD)
- Here’s what it looks like over the past five years:
The favorable exchange rate that peeked in 2016 and that remained high in the first half of 2017 created a profitable environment for importing Canadian vehicles. Along with an increase in profits to sellers, many jurisdictions saw an uptick in fraud trends such as:

- odometer tampering
- cloned and stolen vehicles
- fraudulent ownership and importation documents

In an effort to mitigate against these trends, frustrate the fraudsters’ purposes, and ultimately promote the safety and security of buyers, Iowa implemented changes to better identify fraudulent transactions.
Imported vehicles are now subject to examination by law enforcement prior to titling. The examination includes the following:

- Ownership & importation documents are reviewed to ensure their authenticity
- Public & concealed VINS are checked and accounted for to ensure that there are no alterations or VIN substitutions
- Ensuring that the appropriate FMVSS label or CMVSS label is present and unaltered along with supporting Mfg. certification letter, if applicable
- Scan of the On-Board Diagnostic (OBD) port with an OBD 2 scan tool for VIN confirmation
Documents needed for titling a Conforming Vehicle with an FMVSS label

- U.S. DOT Declaration form (HS-7)
- Foreign title or registration
- CBP7501 — Entry Summary (Does not require a Customs Inspector’s signature). Other CBP forms may be accepted
- Verification of Vehicle Identification Number
- Proof of purchase: (purchase agreement, check copy, wire transfer, etc...)
- Odometer disclosure on secure form, when required
- Translation if documents are not in English
Documents needed for titling a Conforming Vehicle with a CMVSS label

• Same as a vehicle with a FMVSS label in addition to the following items on the HS-7 form:
  • The vehicle is being imported for personal use and not for resale
  • The vehicle is not a salvage vehicle, a repaired vehicle, or a reconstructed vehicle
  • The importer obtains a letter from the OEM that satisfies the following:
    • Manufacturer letterhead (Not a franchised dealer)
    • Identifies the vehicle by VIN
    • States that the vehicle conforms to all applicable FMVSS except for labeling requirements
Documents needed for titling a Nonconforming Vehicle with a Bond Release letter

- Bond Release Letter from U.S.DOT/NHTSA (proof of conformity)
- U.S. DOT Declaration form (HS-7)
- Foreign title or registration
- CBP7501 — Entry Summary (Does not require a Customs Inspector’s signature). Other CBP forms may be accepted
- Verification of Vehicle Identification Number
- Proof of purchase: (purchase agreement, check copy, wire transfer, etc...)
- Odometer disclosure on secure form, when required
- Translation if documents are not in English
Documents needed for titling a Nonconforming Vehicle without a Bond Release letter

- Statement of conformity (completed by the Registered Importer and submitted as part of the conformity packet)
- Statement of Fact from the Registered Importer, it should attest in such a manner:
  - All appropriate entry and conformity documents, including photos, were properly completed, signed, dated and submitted to NHTSA for approval on [DATE].
  *Dealers may not sign the Statement of Fact in place of the Registered Importer
- U.S. DOT Declaration form (HS-7)
- Foreign title or registration
- CBP7501 — Entry Summary (Does not require a Customs Inspector’s signature). Other CBP forms may be accepted
- Verification of Vehicle Identification Number
- Proof of purchase: (purchase agreement, check copy, wire transfer, etc...)
- Odometer disclosure on secure form, when required
- Translation if documents are not in English
• A vehicle owner in the state of Washington attempts to renew the registration of their vehicle, a 2012 GMC Sierra

• The state of Washington Department of Licensing attempts to renew the vehicle but finds that the same vehicle has been titled in the state of Iowa......Washington informs Iowa (NMVTIS is working)

• Iowa investigates and locates the vehicle which is bearing the same public VIN as the vehicle that was titled in Washington.....hmmm....strange...
A vehicle inspection revealed that the concealed VIN on the vehicle in Iowa was different from what was listed on the title and actually belonged to a 2011 GMC Sierra that was stolen in Calgary, Alberta.

The Iowa vehicle was seized, the title was cancelled, and the vehicle was returned to the insurer who had paid on the stolen vehicle claim.
Iowa

THE RESULT?

The Iowa purchaser was defrauded and is now out the price of the vehicle: $29,250.....
What are the lessons learned?

• An inspection program for imported vehicles has value particularly for states that do not routinely inspect vehicles prior to titling

• Fraudsters may target over-the-counter issuance states who issue titles more quickly thus increasing profit margins further

• Jurisdictions should be especially vigilant when exchange rates favor exports from Canada as these vehicles are not tracked in NMVTIS which makes detection of fraud even more difficult
For More Information
Contact:

Andrew Lewis
Andrew.lewis@iowadot.us