


Introduction to Title Fraud





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What is Fraud?

Fraud is the intentional deception to secure unfair or unlawful gain.

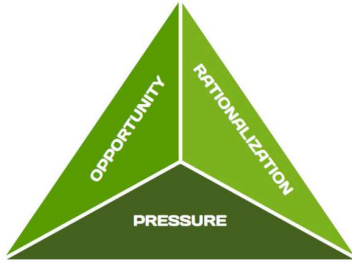




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The Psychology of Fraud

The Fraud Triangle

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The Psychology of Fraud

Opportunity provides an occasion for an item of value to be obtained by a dishonest or unprincipled person.

Rationalization is when the perpetrator convinces themselves the crime being committed is justified.

Pressure is when a person feels the need to commit fraud. Motive is referred to as pressure.



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Forms of Fraud

Motor vehicle fraud comes in many forms:

Curbstoners or Curbsiders

Straw Buyer

Title and Odometer Alteration

VIN Cloning



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NMVTIS

A NMVTIS Vehicle History Report provides data on

- **Current State of Title and Last Title Date**
- **Odometer Reading**
- **Brand History**
- **Salvage History**
- **Total Loss History**



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NMVTIS

Reports can be obtained through two sources:

- TxDMV sponsored program Title Check www.txdmv.gov
- National program NMVTIS www.vehiclehistory.gov



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Title Brands

Descriptive labels applied by state motor vehicle titling agencies.

- **Salvage**
- **Rebuilt Salvage**
- **Water Damaged**
- **Odometer Brands**
- **Junked**
- **Custom / Replica**



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Texas Titles and Security Features



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Security Features

- **Intaglio Border**
- **Void Pantograph**
- **Watermark**



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Security Features

- **Microprint Line**
- **Multicolored Background**
- **Chemically Sensitive Paper**



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Security Features

- **Safety Blocks**
- **Security Thread**
- **Security Fibers**



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Look Out For -

- **Alterations**
- **Out of State Titles**
- **POAs**



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Look Out For -

- **Same Clerk Requests**
- **Unusual Request or Directives**
- **Password Sharing**



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While you are processing transactions at your workstation, remember to be




AWARE



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Odometer Alterations



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Odometer Alterations



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Odometer Alterations




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THREE NUMBERS TO LOOK FOR IN TEXAS TITLES




3'S HAVE FLAT TOP
0'S ARE TALL AND NARROW
7'S ARE FLAT WITH A CURVED LEG



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Title Alterations



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Title Alterations



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TxDMV
Red Flag Referral Program




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Red Flag Referral Program

- Refer fraud claims to ENF Staff for further review and external referral
- Rely on local law enforcement partners to report any instances of potential fraud.




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Red Flag Referral Program

Items Not Accepted for Referral

- Signature Forgeries
- Underreported Sales Tax Claims



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Red Flag Referral Program

If LE is unavailable, or declines to take possession of documents:

- 1) Accept the title documents
- 2) Complete the transaction
- 3) Request a title rejection on the transaction



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Red Flag Referral Program

4) Complete a Red Flag Submission Coversheet

5) File an Online Complaint

<https://www.txdmv.gov/tax-assessor-collectors>



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Red Flag Referral Process

SEND PHYSICAL DOCUMENTS TO:

Texas Department of Motor Vehicles
 VTR Division
 PO Box 26420
 Austin, TX 78755-0420



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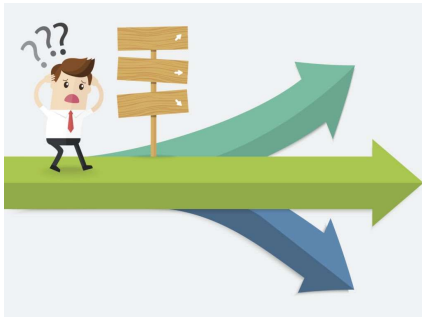
Red Flag Referrals Email

RedFlag@txdmv.gov



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Red Flag Resolutions



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Dealer Violation Referrals

**Dealer violations DO NOT
require a title rejection**

[https://txdmv.secure.force.com/
Complaint](https://txdmv.secure.force.com/Complaint)

Chief Investigator:

David.George@txdmv.gov



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County Compliance Trends




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County Compliance Trends

- Improper Access to RTS Data
- Manual Vehicle Inspection Verification



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TxDPS Regulatory Services

(512) 424-7293
Option 4

<https://www.dps.texas.gov/section/regulatory-services>



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County Compliance Trends

- Replacement Plate/Sticker
- Bonded Title Transaction



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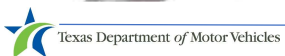
Reminders

- Temporary Permits
- Form 130-U
- Odometer Reading and Date of Sale



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Think About It...



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Step-by-Step Guide

Red Flag Referral Process

About this Guide

Effective March 1, 2022, the ENF Division further streamlined the Red Flag Referral (RFR) program to better assist County Tax Assessor-Collectors with identifying and submitting potential fraudulent activity to the Department. The ENF Division has developed a dedicated online portal through the TAC Hub to track the RFRs electronically upon submission. This will improve the workflow for tracking cases and in providing feedback and support.

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Red Flag Referral Process

The red flag referral process is designed to utilize the resources of the County Tax Assessor-Collectors (TAC) and the Texas Department of Motor Vehicles (TxDMV) to identify and curb suspected fraudulent activities related to title and odometer transactions. To ensure efficient processing of relevant red flag transactions by the department, ENF recommends the below-listed transactions be directly referred to the office best suited for handling. Submission through the RFR process for these transactions will further delay resolution for the owner.

1. Signature Forgeries - If a customer or a TAC believes a signature has been forged, the offense should be reported to the local police or sheriff's department. If a local law enforcement agency requires assistance from the TxDMV, they may contact RedFlag@txdmv.gov to reach an investigator.
2. Procedural Inquiries - Forward to your local TxDMV Regional Service Center (RSC). ENF does not provide direction regarding VTR policies or procedures. Examples of procedural issues that are handled by the RSC include:
 - a. Incorrect use of a Power of Attorney
 - b. Seller/buyer signed on the incorrect line
 - c. Switched evidence of ownership
 - d. Civil disputes of ownership
 - e. Discrepancies on the weight of a vehicle
 - f. Operation of law
3. Administrative Dealer Violations - Submit via the Motor Vehicle Dealer Online Complaint System (<https://txdmv.secure.force.com/Complaint/>) as a Motor Vehicle General or Declaration/Monthly Report Complaint Type. Physical documents related to administrative dealer violations DO NOT need to be sent through the RFR process. Some examples of dealer violations that do not fall under the RFR process include:
 - a. Dealer gave title transfer documents to buyer to submit to the tax office.
 - b. Dealer failed to transfer the title on time
 - c. Dealer issued multiple buyer tags to a customer
 - d. Dealer sold the vehicle from an unlicensed location
 - e. Dealer failed to remit VIT statements to the county
 - f. Dealer failed to sell at least five vehicles in a year
 - g. Dealer sold a type of vehicle for which they were not licensed

- h. Dealer under-reported sales price, used a false date of sale, or submitted a false trade-in.

The following transactions should be submitted to ENF through the Red Flag Referral process for further investigation -

1. Fraudulent or false information is applied to any titling document.
2. Fraudulent repairs listed on rebuilt affidavits
3. Fraudulent or altered forms of identification used to apply for title
4. Altered/fraudulent titles
5. Odometer rollbacks
6. False sellers or dealers listed as the seller
7. False vehicle inventory tax (VIT) statements
8. Fraudulent statements of fact
9. Skipped assignments of ownership
10. Employees entering false standard presumptive values (SPV) on the Form VTR-130-U
11. Witnessing the acceptance of or soliciting a bribe
12. Witnessing any tax employee stealing vehicle-related funds, license plates, registration stickers, or handicapped placards
13. Accessing any title or personal records for non-business purposes
14. Fraudulent mechanics or storage liens

The following steps must be taken when any of these situations arise.

Request a Title Rejection

Process the transaction and collect registration and title fees. Immediately contact your local Regional Service Center and request a title rejection remark be placed on the record to stop a Texas title from being issued. Locate the list of TxDMV Regional Service Centers via the TAC Hub at <https://www.txdmv.gov/tax-assessor-collectors>.

Complete a Red Flag Submission Cover Sheet

Document a narrative of the events that led up to the transaction being submitted as a red flag referral. A Red Flag Submission cover sheet form has been developed to capture this critical data. ENF staff requires the inclusion of the following information:

1. Submitting County Name and Date
2. Statement as to why the transaction was submitted as an RFR
3. Any statements made by the customer to include any knowledge of the violation or admission of guilt
4. Any additional evidence that may support the allegation, such as copies of Driver's Licenses, bills of sale, miscellaneous documents
5. TAC employee name, signature, and contact telephone number or email

Filing an Online Complaint

File an RFR complaint online. This will allow the ENF to assign a case number to your RFR and enable the Department to track your submission.

Access the complaint form directly at:



https://txdmv.secure.force.com/Complaint/LACE_RedFlagComplaintPurchaserInfo

You may also access this link through the TxDMV TAC Hub:

<https://www.txdmv.gov/tax-assessor-collectors>

➔ Step-by-Step Guide to Enter a Complaint

Page 1: Fill out the form with county information as Complainant.

File a Complaint

1
Red Flag Referral

2
Transaction Information

3
Vehicle Information

4
Document Upload

Information about the Transaction

Provide information about the purchase and/or the business where the vehicle was purchased.

Complainant Information

* Complainant Business Name	Dealer License Number (if applicable)
* First Name	* Last Name
* Email Address	* Phone Number
* Confirm Email Address	

Complainant Address

* Country -None-			
* Address Line 1	Address Line 2		
* City	* State	* Zip	* County

Page 1 continued: Provide information on the alleged offender that submitted the fraudulent transaction. After completing this section, select

NEXT

If submitting a referral based on a social media post, enter the social media profile name as the individual.

Alleged Offender Information

Individual Dealer

* Individual/Dealer Name Dealer License Number Phone Number

Address Information

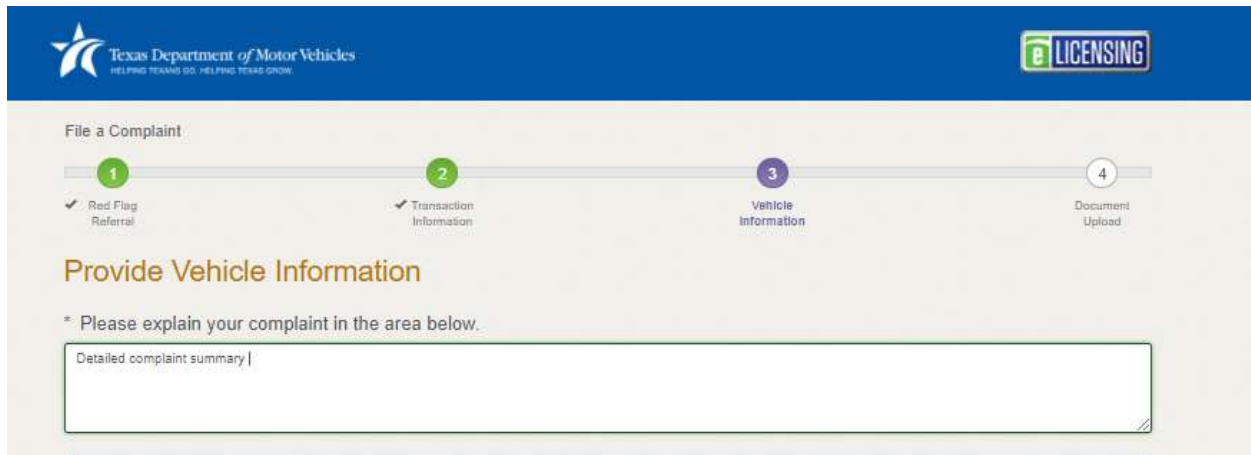
Country

Address Line 1 Address Line 2

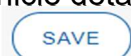
City State Zip County

CANCEL **NEXT**

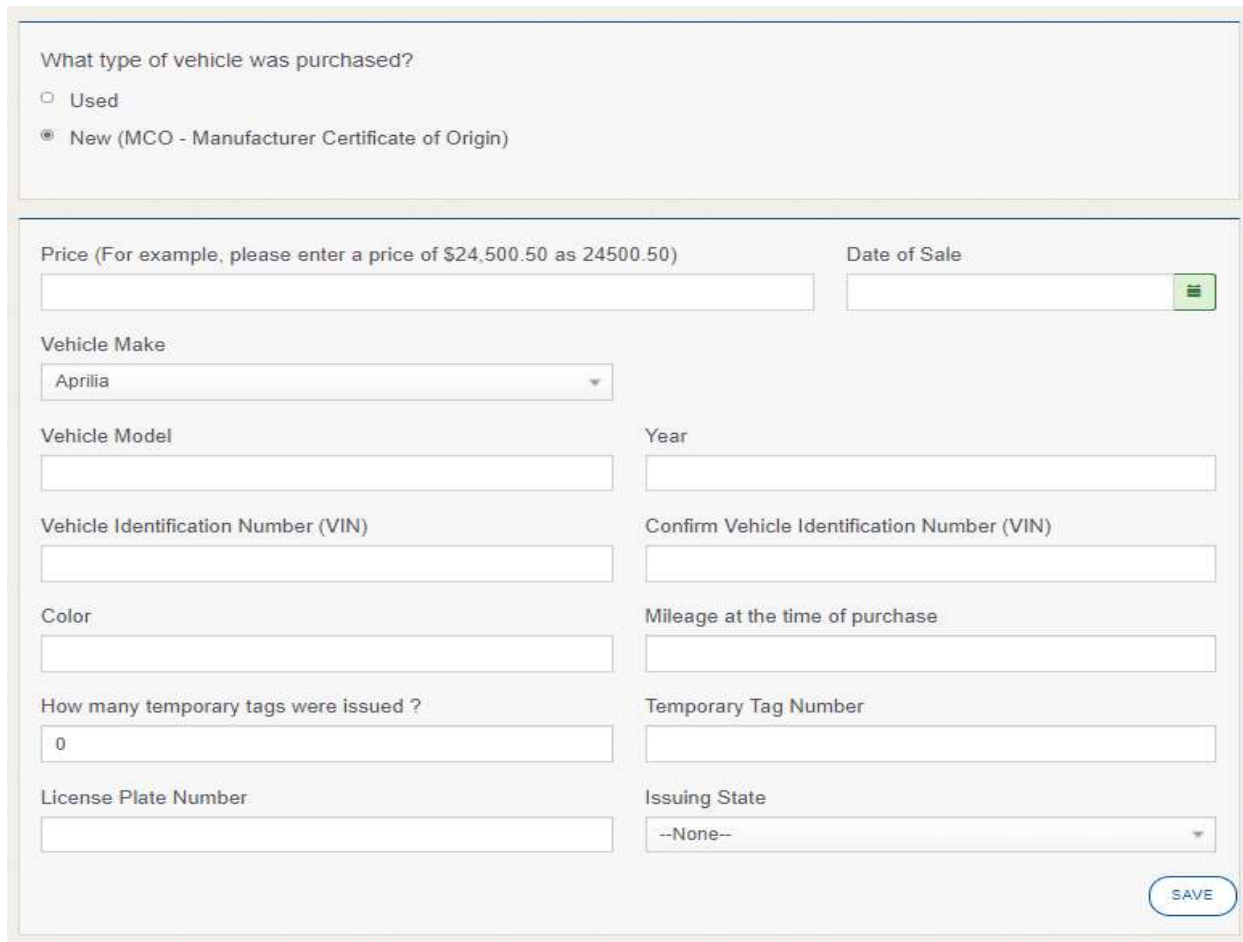
Page 2: Please provide a detailed summary of the complaint.




The screenshot shows the 'File a Complaint' interface. At the top, there is a progress bar with four steps: 1. Red Flag Referral (checked), 2. Transaction Information (checked), 3. Vehicle Information (current step), and 4. Document Upload. Below the progress bar, the heading 'Provide Vehicle Information' is displayed. A note states: '* Please explain your complaint in the area below.' Below this note is a large text input field with the placeholder text 'Detailed complaint summary |'.


Also, provide vehicle details (if applicable). If multiple vehicles are involved with a complaint, click  after entering information for each vehicle.

If no vehicle is associated with a red flag complaint, such as reporting of online sales of disabled placards or temporary tags, please identify as much applicable information as possible.



The screenshot shows the 'Provide Vehicle Information' form. It includes the following fields and options:

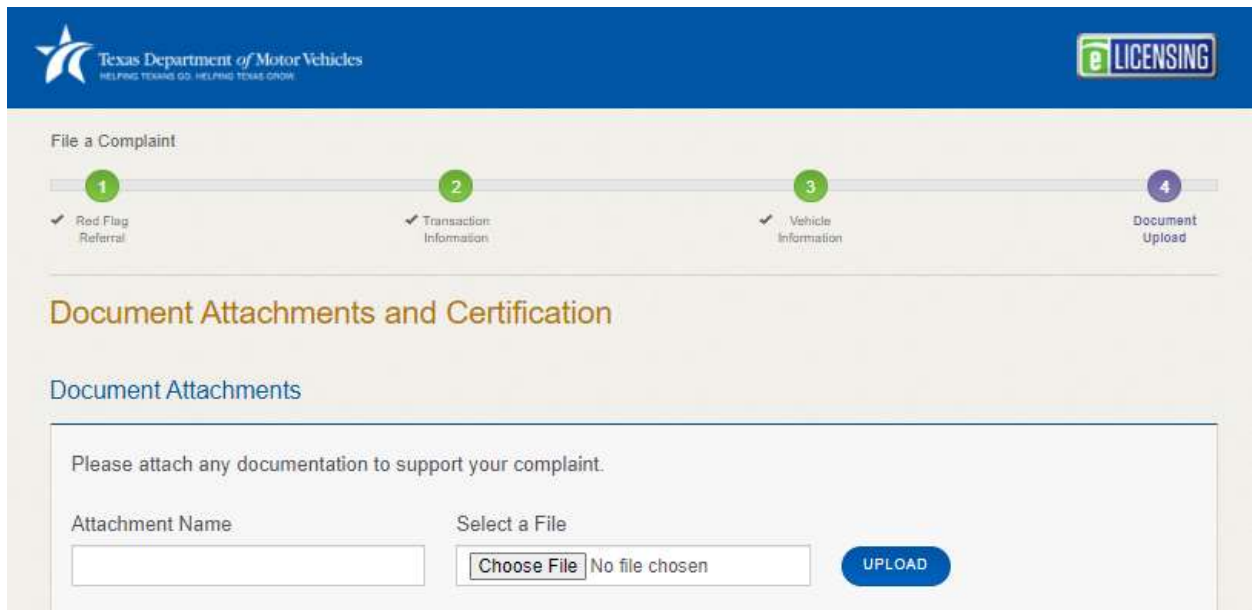
- What type of vehicle was purchased?
 - Used
 - New (MCO - Manufacturer Certificate of Origin)
- Price (For example, please enter a price of \$24,500.50 as 24500.50):
- Date of Sale: 
- Vehicle Make:
- Vehicle Model:
- Year:
- Vehicle Identification Number (VIN):
- Confirm Vehicle Identification Number (VIN):
- Color:
- Mileage at the time of purchase:
- How many temporary tags were issued?:
- Temporary Tag Number:
- License Plate Number:
- Issuing State:

A  button is located at the bottom right of the form.

Page 3: This page allows for the upload of scanned copies of the transaction.

Although this is not required, it is **HIGHLY RECOMMENDED** to upload scans as it will allow ENF to quickly assign your case to an investigator.

Please be aware that you must submit the original transaction documents to the Department via mail outside of the online complaint system.



The screenshot shows the 'File a Complaint' progress bar with four steps: 1. Red Flag Referral (checked), 2. Transaction Information (checked), 3. Vehicle Information (checked), and 4. Document Upload (current step). Below the progress bar is the section 'Document Attachments and Certification' with a sub-section 'Document Attachments'. The main instruction reads: 'Please attach any documentation to support your complaint.' Below this, there is a form with an 'Attachment Name' input field, a 'Select a File' button with a 'Choose File' link and 'No file chosen' text, and an 'UPLOAD' button.

The final webpage requires a certification from the TAC employee. Enter first and last name along with a date, then submit.

Certification

The Texas Department of Motor Vehicles maintains the information collected through this form. With few exceptions, you are entitled on request to be informed about the information that we collect about you. Under Sections 552.001 and 552.023 of the Government Code, you also are entitled to receive and review this information. Under Section 559.004 of the Government Code, you are also entitled to have us correct information about you that is incorrect.

By submitting this form, you are consenting to the disclosure of this information in any manner necessary to investigate and prosecute this claim. Failure to include any supporting documentation will delay the processing of your complaint.

I understand that the information I am submitting may be shared with the other interested parties to my complaint in order to resolve this matter. If I am submitting this complaint based on a referral from a governmental body, I hereby certify, under penalty of perjury, all statements in this complaint are a true and correct representation of the information contained in the referral. Otherwise, I certify, under penalty of perjury, all statements in this complaint are true and correct.

Name Date

Before clicking submit, please ensure all attachments have been included.

[CANCEL](#) [PREVIOUS](#) [SUBMIT](#)

A complaint ID will be assigned by the system. Please capture this information on the ENF Red Flag Submission cover sheet.

Submit Documents to the Enforcement Division

Once the online complaint is completed, please attach the ENF Red Flag Submission cover sheet to the front of the title transaction, and mail the referral to:

Texas Department of Motor Vehicles
Vehicle Titles and Registration Division
PO Box 26420
Austin, TX 78755-0420

Reminders

ENF staff will work to investigate your referral and may reach out to you in the event further information is required. Please allow four to six weeks for a response to be returned. For further information on an RFR, you may also request information by sending an email to RedFlag@txdmv.gov.



ENF Case # (Complaint ID): _____

ENFORCEMENT DIVISION
Red Flag Submission

County Name: _____ Date Submitted: _____

ONE TRANSACTION PER COVER SHEET

Narrative of Events –

(use back of this sheet for additional space)

Documents delivered to tax office by (if known): _____

Printed Name of TAC Clerk

Printed Name of Supervisor

Signature

Date

Signature

Date

Email and Phone Number for TAC Contact: _____

ENF INTERNAL USE ONLY

Date Reviewed: _____ Reviewed By: _____

Disposition:

- Retained by ENF for Investigation
- Released
- Returned to county

Disposition Reason:

County Notified of Receipt:

- Yes

Method of notification and individual notified:

Notes:



ENF Case # (Complaint ID): _____

ENFORCEMENT DIVISION
Red Flag Submission

County Name: _____ Date Submitted: _____

ONE TRANSACTION PER COVER SHEET

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