

Arizona Automobile Theft Authority

2004 Annual Report



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Mission Statement

To deter vehicle theft through a statewide cooperative effort by supporting law enforcement activities, vertical prosecution, and public awareness/community education programs.

Letter to the Governor

The Honorable Janet Napolitano
Governor of Arizona
1700 West Washington
Phoenix, AZ 85007

Dear Governor Napolitano:

It is with great pleasure that we present the Arizona Automobile Theft Authority's (AATA) Annual Report for the fiscal year ending June 30, 2004.

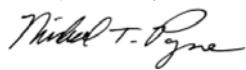
The AATA is pleased to report a 1.2% reduction in Arizona's total vehicle thefts in 2003 according to recent statistics released in the 2003 FBI Uniform Crime Report. Additionally, Arizona realized a 3.8% decrease in the vehicle theft rate for 2003, which is our first reduction since 1999. The AATA believes its current initiatives, programs and partnerships are beginning to take hold and have an impact on Arizona's vehicle theft rate. Although the Agency is encouraged by the reduction, we know a great deal of work remains to continue to reduce Arizona's vehicle theft rate.

Although the statistical vehicle theft information contained in this report reflects calendar year 2003 data, the AATA is pleased to report that many Arizona cities continue to experience a reduction in auto thefts for the first three quarters of calendar year 2004.

The continuing vehicle theft problem and growing population in Arizona requires a coordinated statewide effort to develop, implement and sustain successful programs and inter-agency cooperation to combat vehicle theft in the state. Arizona's proximity to Mexico, the declining recovery rate and homeland security concerns mandate employing partnerships on a national and international level to curtail vehicle theft by organized criminal groups and deter exportation of stolen vehicles to finance other criminal activities and international terrorism.

The AATA remains committed to reducing the incidence of vehicle theft in the state with support from the insurance industry, criminal justice agencies, community organizations, and business partners, and looks forward to continued service to the citizens of Arizona.

Respectfully,



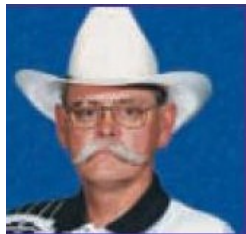
Michael T. Payne, CPCU
Chairman of the Board

Board of Directors June 30, 2004



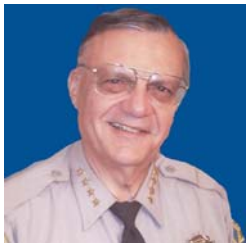
Michael T. Payne, Chairman of the Board
Management Planning & Information Manager, State Farm Insurance Companies

Mr. Payne was appointed to the AATA Board of Directors in 1999 and was elected Board Chairman on January 5, 2001. Mr. Payne holds a bachelor's degree from Michigan State University in criminal justice. Mr. Payne began his career with State Farm Insurance as an auto claim representative. He has served as Section Manager for the Special Investigation Unit, Auto Claims Central, and is currently the Management Planning and Information Manager.



Ralph E. Ogden, Vice Chairman
Sheriff, Yuma County Sheriff's Office

Sheriff Ogden was appointed to the AATA Board of Directors in 1997 by the Arizona Sheriff's Association. Sheriff Ogden occupies one of two Sheriff positions on the AATA Board, representing a county with a population of five hundred thousand or less. Sheriff Ogden began his career in law enforcement more than 30 years ago and was elected Yuma County Sheriff in 1993. His experience includes four years in the Marine Corps, Chief Deputy for the Yuma County Sheriff's Office and a graduate of the FBI National Academy.



Sheriff Joseph Arpaio
Sheriff, Maricopa County Sheriff's Office

Sheriff Arpaio was appointed to the AATA Board of Directors in February 2003 by the Arizona Sheriff's Association. Sheriff Arpaio occupies one of two Sheriff positions on the AATA Board, representing a county with a population of five hundred thousand or more. Sheriff Arpaio has been the Sheriff of Maricopa County since 1993 and brings with him more than 43 years of law enforcement experience.



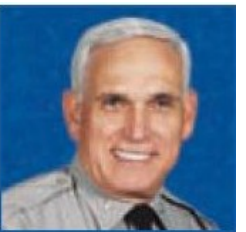
Sergeant Joe Brosius
Public Member

Governor Napolitano appointed Sergeant Joe Brosius of the Tempe Police Department, to the AATA Board of Directors on January 19, 2004. Sergeant Brosius occupies one of two public member positions on the AATA Board. He brings over thirty years of law enforcement experience, with seventeen of those years in the area of vehicle theft investigation.



Dean C. Butler
Farmers Insurance Company

Mr. Butler was appointed to the AATA Board of Directors on January 5, 2001. Mr. Butler is the Marketing Support Manager with the Phoenix Service Center of Farmers Insurance and has over 26 years of experience in the insurance industry. Mr. Butler represents one of two insurance industry positions on the AATA Board.



Dennis Garrett
Director, Department of Public Safety

Colonel Garrett was named Director of the Department of Public Safety by Governor Hull in 2000, the same Year he was appointed to the AATA Board of Directors. Director Garrett had 35 years of experience with the Phoenix Police Department, where he served as Police Chief and has worked in every division and major bureau of the organization. Director Garrett has a bachelor's degree from Northern Arizona University and a master's degree in public administration from Arizona State University.



Chief Sherry Kiyler
Chandler Police Department

Chief Kiyler was appointed to the AATA Board of Directors in 2004 by the Arizona Chiefs' of Police Association and represents a city with a population of one hundred thousand or more. Chief Kiyler was appointed Chandler Police Chief on February 2, 2004. Prior to her appointment as Chandler Police Chief, she served the citizens of Phoenix and the Phoenix Police Department for over thirty-one years.



Robert Carter Olson
Pinal County Attorney

Governor Napolitano appointed Mr. Olson to the AATA Board of Directors on February 27, 2004. Mr. Olson occupies the County Attorney position on the AATA Board, representing a county with a population of five hundred thousand or less. Mr. Olson has served as the Pinal County Attorney since 1996. His office was one of the first counties to embrace the concept of Vertical Prosecution of vehicle theft cases and has been extremely supportive of the AATA's Vertical Prosecution Grant Program since its inception in 2000.



Ellen Poole
Public Member

Ms. Poole has been a member of the AATA Board of Directors since 1999 and occupies one of two public member positions. Ms. Poole joined the USAA Insurance Company in October 2002 as Executive Director, Southwest Region Government Liaison. Prior to joining USAA, Ms. Poole was with the Arizona Bankers Association and had served three years as the legislative research analyst for the Arizona State Senate Banking and Insurance Committee. Ms. Poole earned her law degree from George Washington University and holds two bachelor's degrees from Virginia Tech.



Richard M. Romley
Maricopa County Attorney

Mr. Romley has been a member of the AATA Board of Directors since August 2000. He occupies the county attorney position on the AATA board, representing a county with a population of five hundred thousand or more. Mr. Romley, currently in his fourth elected term as Maricopa County Attorney, first assumed office on January 1, 1989. Mr. Romley is a native Arizonan, born in Tucson. He attended Arizona State University, where he earned a Bachelor of Science degree in Business, and a Juris Doctorate in Law.



Daniel G. Sharp
Chief, Oro Valley Police Department

Chief Sharp was appointed to the AATA Board of Directors in October 2000 by the Arizona Chiefs' of Police Association and represents a city with a population of one hundred thousand or less. Chief Sharp has served as Oro Valley Police Chief since January 2000 and had been with the Tucson Police Department prior to his appointment. Chief Sharp brings over 26 years of law enforcement experience to the AATA Board.



Stacey K. Stanton
Director, Motor Vehicle Division, Arizona Department of Transportation

Ms. Stanton has been a member of the AATA Board of Directors since 1999. Ms. Stanton was appointed to lead the Arizona Department of Transportation's Motor Vehicle Division in December 1999. She has worked with the Motor Vehicle Division for six years, overseeing the division's customer service program in Phoenix and later, heading the division's legislative program and policy unit. Ms. Stanton has a bachelor's degree from Arizona State University.

Arizona Automobile Theft Authority Staff

Mikel Longman
Executive Director

Paul Boelhauf
Administrative Services Officer

Ann Armstrong
Public Information Officer

Arthur Myer
Fiscal Services Specialist

Rares I. Almasan
Program & Project Specialist

Executive Summary

Introduction

The Arizona Automobile Theft Authority (AATA) operates on a fiscal year budgeting cycle from July through June.

All motor vehicle theft statistics included in this report are based on the calendar year ending December 31, 2003 including those statistics cited from the *Crime in the United States*, 2003 Report published by the Federal Bureau of Investigation (FBI) and the *2003 Crime in Arizona* Report published by the Department of Public Safety.

Accordingly, this report contains a combination of data sources reflecting both calendar year 2003 and fiscal year 2004 information. Discrepancies are recognized between the *Crime in the United States Report* and the *Crime in Arizona Report*, due to different reporting requirements. Statistics listed in the *Crime in Arizona Report* do not include crimes reported to Federal or tribal agencies located in Arizona.

The funding mechanism for the AATA is a premiere example of a unique government/business/consumer partnership. The prime beneficiaries, specifically the insurance industry and vehicle owners/insurance consumers totally support the government services from which they benefit. Additionally, all citizens benefit from the services provided by this Agency, since vehicle theft is associated with many other criminal activities.

Summary

The FBI's 2003 Uniform Crime Report (UCR) indicates there were more than 1.2 million motor vehicle thefts in the United States in 2003, with an estimated value of approximately \$8.6 billion dollars. In Arizona, there were 56,997 vehicles reported stolen during 2003, which reflects a 3.8% decrease in the theft rate from 2002.



ARIZONA CRIME CLOCK 2003

one
MAJOR CRIME
every 1 min. 33 sec.

one
VIOLENT CRIME
every 18 min. 31sec.

one
PROPERTY CRIME
every 1 min. 41 sec.

one
MURDER
every 20 hrs.
one
FORCIBLE RAPE
every 4 hrs. 49 min.
one
ROBBERY
every 1 min. 10 min.
one
AGGRAVATED
ASSAULT
every 28 min. 34 sec.

one
BURGLARY
every 9 min. 10 sec.
one
LARCENY — THEFT
every 2 min. 41 sec.
one
MOTOR VEHICLE
THEFT
every 9 min. 21 sec.
one
ARSON
every 5 hrs. 37 min.

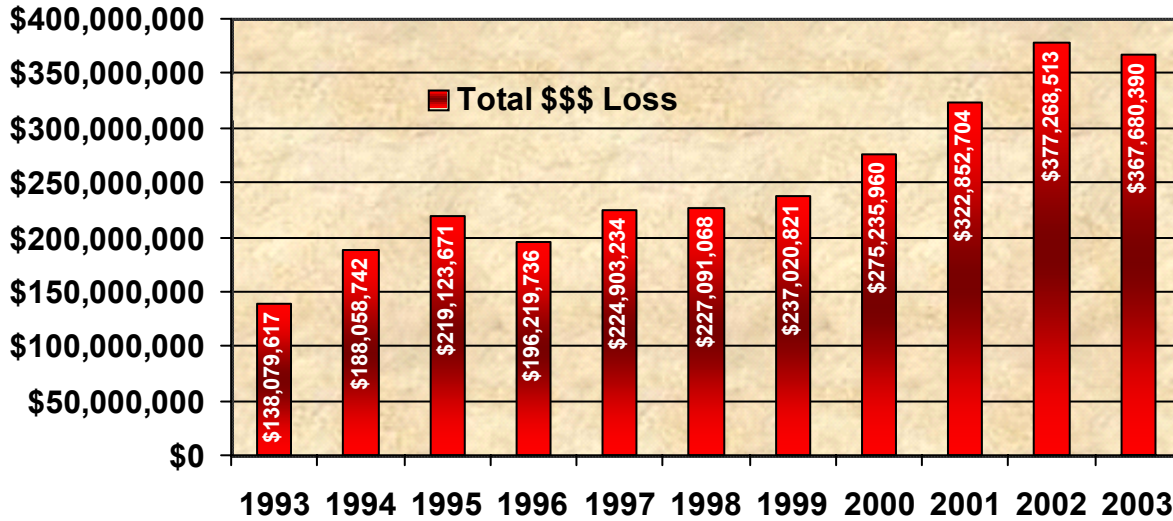
The crime clock should be viewed with care. Being the most aggregate representation of UCR data, it is designed to convey the annual reported crime experience by showing the relative frequency of occurrence of the Offenses. This mode of display should not be taken to imply regularity in the commission of the Offenses; rather, it represents the annual ration of crime to affixed time intervals.

Source: Arizona Department of Public Safety *Crime in Arizona 2003 Report*

The FBI's UCR reports that collectively, the Western States recorded the largest increase at 5.7% for motor vehicle thefts. Additionally, the number of motor vehicle thefts reported in the United States in 2003 increased by 1.1%, which is the second straight year of increase.

Except for homicide and sexual assault, all Part I crimes in Arizona reported a decrease in 2003. Historically, crime has been cyclical and closely associated with economic conditions. Unfortunately, property crimes, including vehicle theft, are most affected.

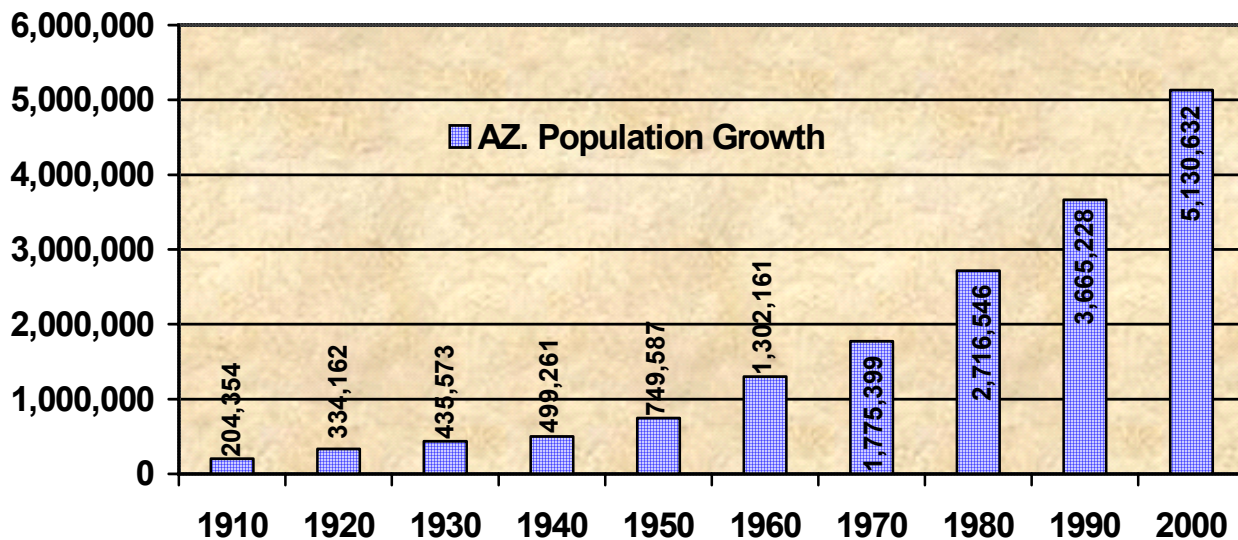
Arizona Economic Loss: 1993-2003



The UCR also reports that the nation's most heavily populated municipalities and cities with populations over 250,000 experienced the highest rate of motor vehicle theft in 2003. Accordingly, Arizona has become one of the fastest growing states in the nation and has experienced a dramatic population increase over the past several years.

The most current Census data indicates Arizona's population is 5,580,811, which reflects an increase of nearly two million people since 1990. Arizona's growth rate, coupled with a recent national economic decline, and our proximity to Mexico, remain primary factors in the increased rate of Criminal activity.

Arizona Population: 1910-2000



Arizona's current estimated population = 5,580,811
 Note: Source — U.S. Census Bureau

Summary continued


Arizona ranks fourth (4th) in the nation in actual number of vehicles stolen, and remains second in the country for vehicle thefts per capita, behind Washington, DC. Arizona experienced a significant decrease in vehicle thefts and theft rate, while other states posted significantly higher percentage increases in 2003, as demonstrated on the chart below.



Motor Vehicle Theft by State

Comparison 2002/2003

Ranked by % Change from Calendar Year 2002 to 2003

RANK	STATE	TOTAL # in 2003	TOTAL # in 2002	% CHANGE	*RATE/100,000
1	Nevada	20,838	17,486	19.2%	929.8
2	Oregon	18,989	16,524	14.9%	533.5
3	Georgia	43,371	38,036	14.0%	499.4
4	California	241,326	222,364	8.5%	680.1
5	Michigan	53,736	49,723	8.1%	533.1
6	North Carolina	26,892	24,866	8.1%	319.9
7	Kansas	7,777	7,212	7.8%	285.6
8	Alabama	14,957	13,890	7.7%	332.3
9	Wyoming	798	743	7.4%	159.2
10	Maryland	36,405	34,020	7.0%	660.8
11	Kentucky	9,366	8,750	7.0%	227.5
12	Montana	1,906	1,783	6.9%	207.7
13	South Dakota	874	819	6.7%	114.4
14	North Dakota	1,078	1,018	5.9%	170.1
15	District of Columbia	9,903	9,599	3.2%	1757.8
16	Missouri	28,659	27,878	2.8%	502.4
17	Indiana	20,768	20,287	2.4%	335.2
18	Pennsylvania	33,442	32,817	1.9%	270.4
19	Maine	1,456	1,429	1.9%	111.5
20	Oklahoma	12,958	12,772	1.5%	369.0
21	Washington	40,619	40,493	0.3%	662.5
22	Tennessee	26,410	26,541	-0.5%	452.1
23	Utah	7,764	7,722	0.5%	330.2
24	Minnesota	13,759	13,842	-0.6%	272.0
25	Idaho	2,609	2,627	-0.7%	190.9
26	Alaska	2,448	2,471	-0.9%	332.3
27	Arizona 	56,997	57,668	-1.2%	1021.3
28	New Hampshire	1,917	1,944	-1.4%	148.9
29	Louisiana	19,882	20,186	-1.5%	442.2
30	Colorado	22,699	23,183	-2.1%	498.8
31	New Mexico	7,256	7,437	-2.4%	387.1
32	Hawaii	9,651	9,910	-2.6%	767.4
33	Virginia	17,914	18,478	-3.1%	242.5
34	New Jersey	34,568	35,739	-3.3%	400.2
35	Iowa	5,601	5,823	-3.8%	190.2
36	Ohio	40,996	42,767	-4.1%	358.5
37	Massachusetts	25,506	26,588	-4.1%	396.5
38	Texas	98,204	102,680	-4.4%	444.0
39	Nebraska	6,124	6,409	-4.4%	352.1
40	New York	45,217	47,366	-4.5%	235.6
41	Connecticut	11,026	11,572	-4.7%	316.5
42	Delaware	2,880	3,057	-5.8%	352.3
43	Mississippi	8,949	9,523	-6.0%	310.6
44	South Carolina	15,762	16,867	-6.6%	380.1
45	Illinois	41,764	44,857	-6.9%	330.1
46	Florida	81,563	88,516	-7.9%	479.2
47	Wisconsin	12,320	13,458	-8.5%	225.1
48	West Virginia	3,524	3,898	-9.6%	194.7
49	Rhode Island	4,387	4,876	-10.0%	407.7
50	Arkansas	6,010	6,813	-11.8%	220.5
51	Vermont	646	769	-16.0%	104.3
	United States	1,260,471	1,246,646	1.1%	433.4

*Motor Vehicle Theft Rate Per 100,000 Inhabitants

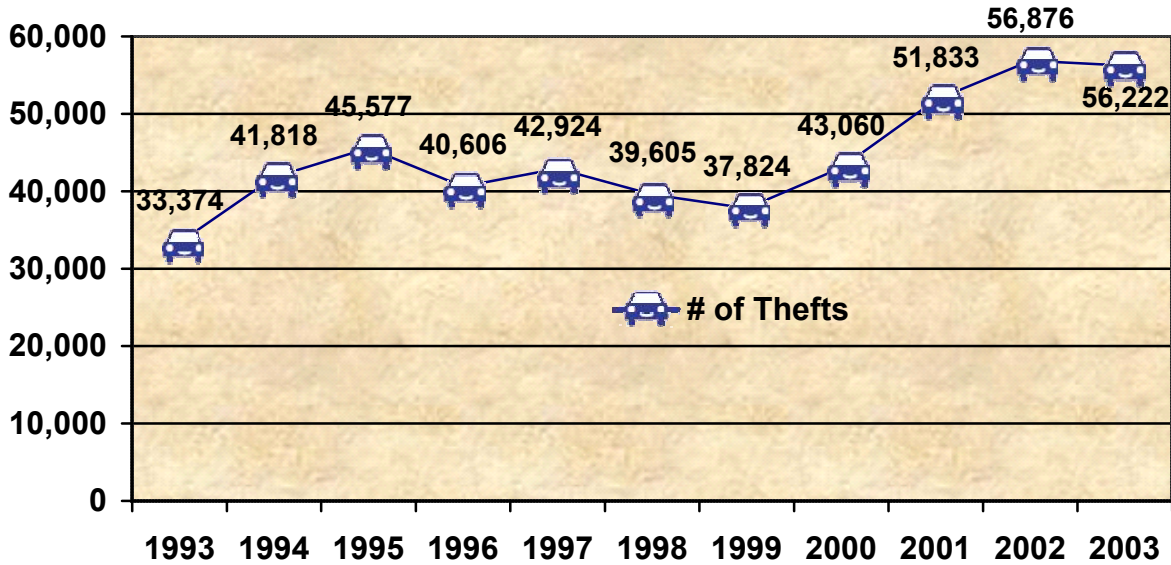
Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2003 Uniform Crime Report

As of December 31, 2003, the Motor Vehicle Division (MVD) reported that there were 5,079,849 vehicles registered in Arizona. With 56,222 vehicles reported stolen in the 2003 Crime in Arizona report, this equates to less than 1% of the total number of vehicles registered in Arizona.

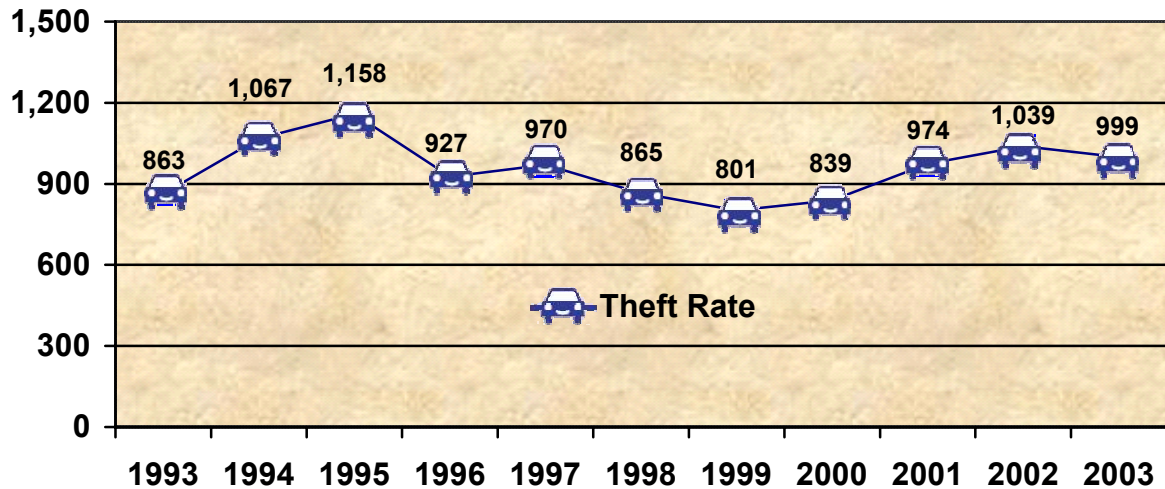
Vehicle theft continues to be a challenge for Arizona, and the current statistics reinforce the importance of a coordinated effort to effectively deter, investigate, prosecute as well as educate the public on vehicle theft.

Arizona Vehicle Theft Trends

*Total Vehicle Thefts: 1993-2003



*Vehicle Thefts Rates: 1993-2003



*Note: Numbers/values used in the above graphs reflect information contained in the annual *Crime in Arizona* reports, published by the Arizona Department of Public Safety (AzDPS).

Summary continued

The AATA is governed by a 12-member Board of Directors, appointed by the Governor and other organizations. Members of the AATA Board include two police chiefs; two sheriffs; two county attorneys, the Directors of the Department of Public Safety, and Motor Vehicle Division; two employees representing the insurance industry; and two members of the general public. The AATA has a five-person staff responsible for executing the Agency's strategic plan.

Each year the AATA Board of Directors awards grants to law enforcement agencies and county attorney offices throughout the state. The grant programs work to deter vehicle theft, apprehend thieves, and convict auto theft criminals.

In fiscal year 2004, the AATA continued to focus the majority of its grant allocation to the Arizona Vehicle Theft Task Force (AVTTF), because of its continued aggressive enforcement/investigative efforts and impressive stolen vehicle recovery results. During the past two years, the AVTTF was involved in major international criminal investigations dealing with vehicle theft, insurance fraud, money laundering and other illicit activities.

During fiscal year 2004, the AATA also expanded its grant funding allocations towards local law enforcement activities, professional training, prosecution and public awareness programs. The AATA issued 32 grants of more than \$830,000 to criminal justice agencies throughout Arizona as part of the Law Enforcement, Professional Training, Public Awareness, and Vertical Prosecution Programs.

The AATA hosted its Second Annual Summit on Vehicle Theft on February 5-6, 2004 in Scottsdale. The two-day Summit was attended by approximately 150 representatives from 40 different criminal justice agencies and insurance companies throughout Arizona. Also in attendance were out of state presenters and special guests from Mexico, California, Colorado, Florida, Illinois, New York, and North Carolina. The Summit included an AATA Board of Directors meeting, presentations by several grant agencies on best practice approaches to vehicle theft prevention, an awards luncheon, and an AATA 2004/2005 grant program workshop. Several exhibitors attended to display their products and distribute product information to Summit attendees.

In 2003, the AATA launched a partnership-mailing project with the Motor Vehicle Division, which includes sending vehicle theft prevention and Watch Your Car program information in the registration renewal tag mailing to vehicle owners in Arizona. This mailing project has been extended through June 2005, and has demonstrated very successful results. From January - June 2004, the AATA received

back over 15,330 Watch Your Car enrollments as a result of this program.

In September 2004, the AATA mailed out 700 Customer Satisfaction surveys to a random sampling of current Watch Your Car members who had been enrolled for one year or less. The AATA received 425 completed surveys (61% return rate) and the requested responses have been tabulated. (See Figure 2)

In general, the completed surveys have served as an effective tool to measure awareness and effectiveness of the AATA and its Watch Your Car Program. Additional (optional) comments have also provided useful information about what additional steps the public is taking to prevent vehicle theft. (See Figure 10 and Figure 11)

An overwhelming 51.53% of the respondents enrolled in the Watch Your Car program via the MVD mailer piece they were sent with their registration renewal tag. A significant number of people applied for the WYC program by using the pay check inserts (17.65%). Another 16% enrolled at a police department/AATA event in the community. The AATA was impressed to learn that more than 14% of the respondents enrolled via the AATA website by completing an on-line application form. This method of enrollment increased 5% this year and will continue to be actively promoted by the AATA as the most efficient way to enroll in the program. (See Figure 1)

Over 50% of the respondents learned about the Watch Your Car program (WYC) by the Motor Vehicle Division (MVD) partnership mailing. Almost a quarter of the respondents, 24%, learned about AATA and the Watch Your Car Program from pay check stuffers advertising. This information directly correlates to the 17.65% of respondents that have been enrolled in the program. An additional 11% learned of the program from either a police agency or AATA presentation/special event. The remaining respondents learned of the program from a Blockwatch or neighborhood meeting, or through other campaigns. (See Figure 3)

Most respondents (over 95%) did not request assistance at the time they enrolled in the program. This may be an indication that the Watch Your Car enrollment form is easy to follow and does not require any further clarification. (See Figure 4)

Nearly every respondent (over 98%) agreed that overall, they are satisfied with the Watch Your Car Program. (See Figure 5)

Every respondent (100%) agreed that overall, AATA staff was readily available to assist them. (See Figure 6)

Nearly 90% of the respondents indicated they had not attended an AATA or other theft prevention event, with over 9% indicating they had. (See Figure 7)

Less than 12% of the respondents have had a vehicle stolen in the State of Arizona. The remaining 88% indicated they had not. (See Figure 8)

Regarding demographics, nearly 63% of the respondents were age 60 and over. Roughly 26% were between 41-59 years of age. Nearly 10% of the respondents were age 26-40, and approximately 2% were age 18-25. (See Figure 9)

The AATA appreciates the vehicle owners who took the time to complete the surveys. The AATA values the feedback and comments received and look forward to enhancing the Watch Your Car Program as well as improving our overall customer service.

How did you enroll in the Watch Your Car program?

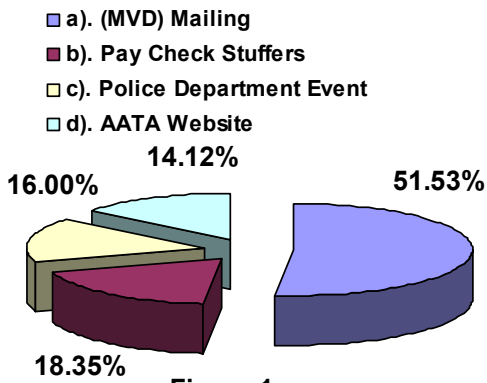


Figure 1

Percent Responding

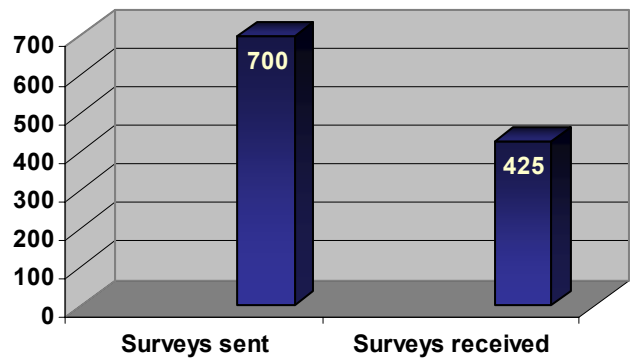


Figure 2

How did you hear about the Watch Your Car Program?

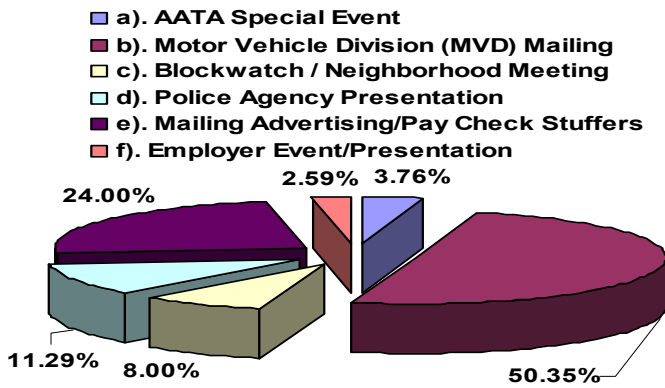


Figure 3

Did you request assistance at the time you enrolled in the WYC program?

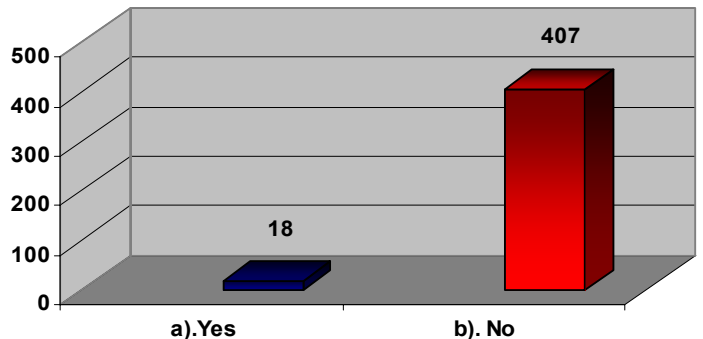


Figure 4

Are you satisfied with the Watch Your Car program?

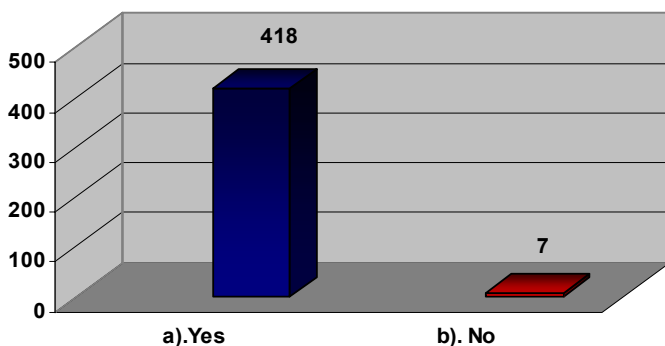


Figure 5

Was staff readily available to assist you?

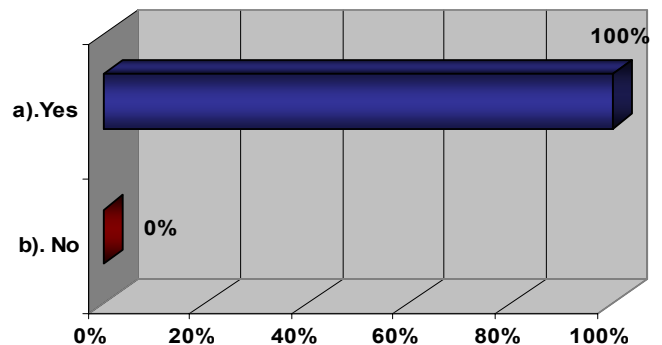


Figure 6

Have you attended an AATA or other theft prevention event?

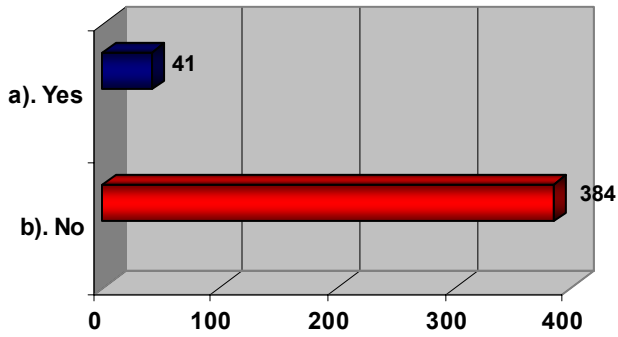


Figure 7

Have you ever had a vehicle stolen in the State of Arizona?

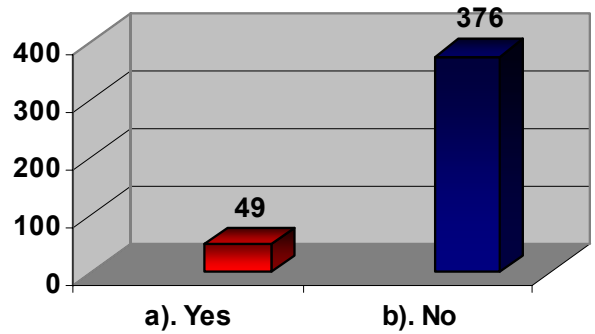


Figure 8

What is your age range?

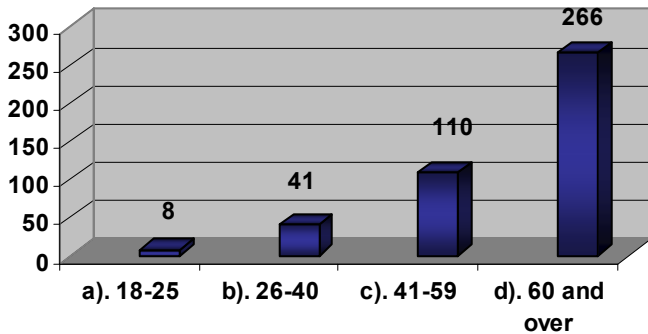


Figure 9

What other steps have you taken to protect your vehicle from theft?

- a). Lock doors and take keys
- b). Use alarm system
- c). Use steering wheel lock or other visual deterrent device
- d). Other

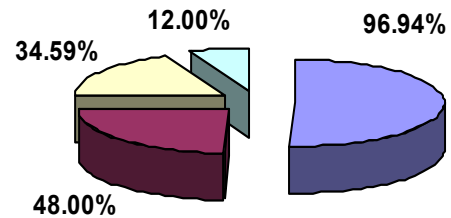


Figure 10

Being a member of the WYC program has encouraged you to take extra precautions in protecting your vehicle?

- a). Strongly Agree
- b). Agree
- c). Disagree
- d). Strongly Disagree

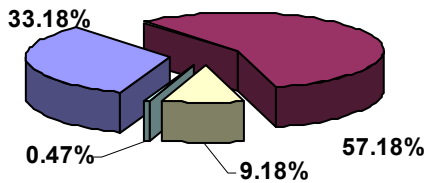


Figure 11

Summary continued

Problem Assessment

Vehicles are stolen for a variety of reasons. They may be stolen simply as a means of transportation. Criminals often steal vehicles in order to facilitate other crimes, such as armed robberies, kidnappings, drive-by shootings, smuggling activities and so forth. Professional auto thieves steal vehicles for economic benefit. They operate “chop shops,” where vehicles are stripped and component parts are sold to unsuspecting buyers, or unscrupulous auto repair shops. They also attempt to conceal the identity of stolen vehicles by “VIN-switching” with wrecked, or salvaged vehicles and then sell them to unsuspecting

buyers. The “VIN” is the vehicle identification number and is unique to only one vehicle.

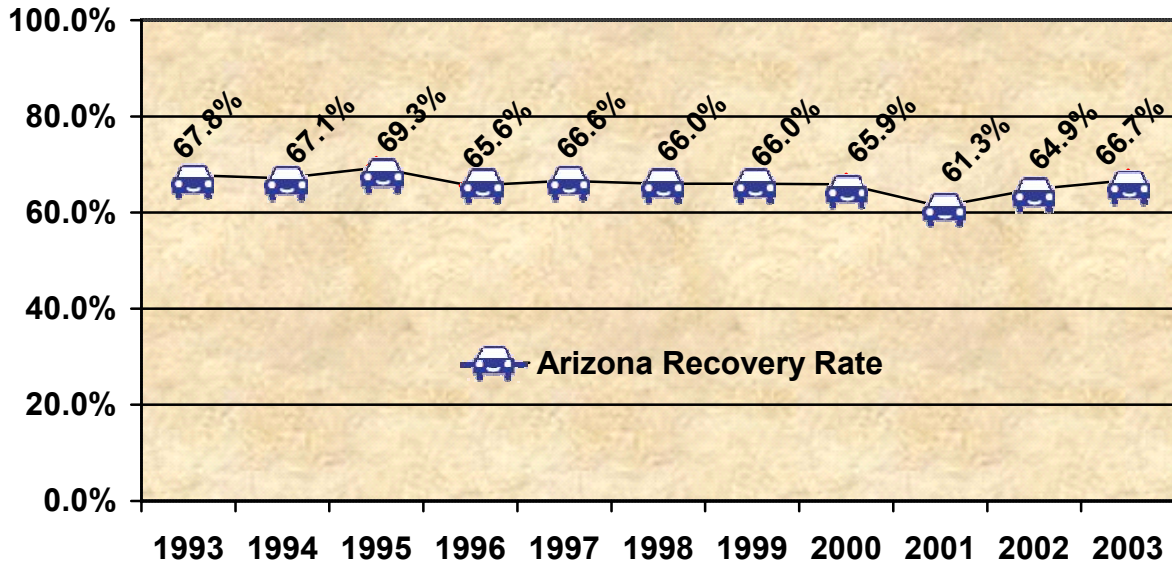
Vehicles are also stolen and smuggled out of the country. Stolen vehicles from the U.S. and other affluent countries end up in developing countries in Asia, Eastern Europe, the Middle East, Mexico, Central and South America. The continuing decline in the recovery rate of stolen vehicles indicates greater organized criminal activity. Additionally, the international intelligence community (Interpol) has identified vehicle theft and related criminal activity, including insurance fraud, as a primary illicit fund-raising source supporting international terrorism.

INTERNATIONAL MOTOR VEHICLE THEFT STATISTICS FOR 2003*

	1. United States	1,226,457		11. Germany	75,408
	2. United Kingdom	362,181		12. Argentina	69,570
	3. France	314,635		13. Switzerland	64,241
	4. Italy	235,946		14. Japan	63,275
	5. Canada	170,213		15. Malaysia	60,251
	6. Mexico	153,233		16. Sweden	60,044
	7. Brazil	152,572		17. Poland	59,458
	8. Spain	145,222		18. Russia	38,439
	9. Australia	136,260		19. Belgium	30,907
	10. South Africa	98,432		20. Israel	30,777

*Reported to INTERPOL

Arizona Vehicle Theft Trends Recovery Rate: 1993 - 2003



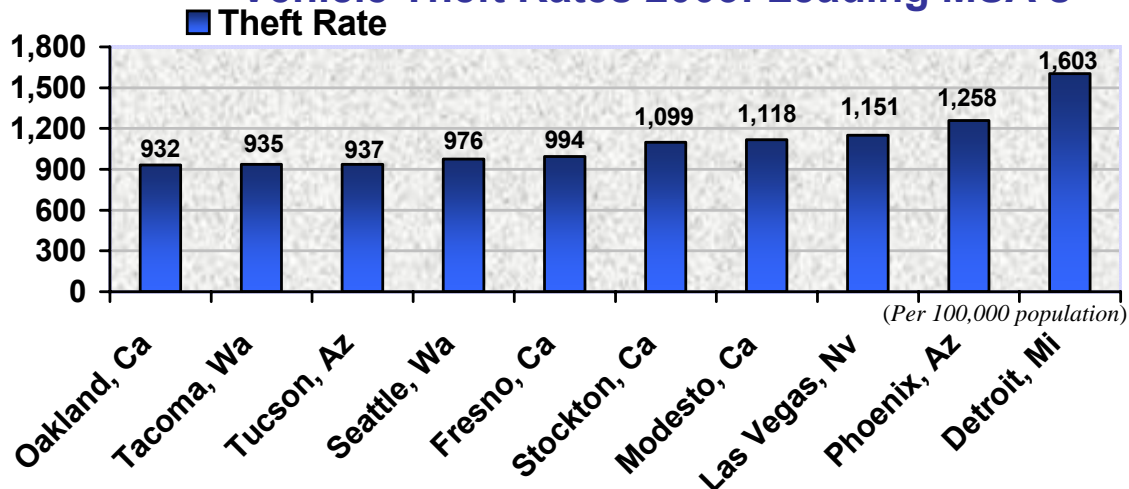
There are a number of reasons that contribute to the vehicle theft problem in Arizona. Arizona has experienced a dramatic population increase over the past 20 to 25 years. There is a rather transient nature of our population, with many people living in multi-family housing units, such as apartments, condominiums and so forth. In these types of residential areas, vehicles are at greater risk to be stolen. Due to the dry, moderate climate in Arizona our vehicles tend to maintain higher value, than in other areas of the Nation.

Probably the greatest influence on Arizona's vehicle theft problem is due to the close proximity with Mexico. Research indicates that the highest motor vehicle theft vicinities are major metropolitan statistical areas (MSA's), near seaports or

international borders. In 2003, except for Detroit, Michigan, all of the leading MSA's vehicle theft rates were in the western United States. Four of the top ten were in California. Unfortunately, Tucson returned to the top ten list to 8th compared to 13th in 2002.

There are seven official ports-of-entry along the 354-mile Arizona-Mexico border, and major California seaports are less than eight hours away. One of the biggest problems is that most vehicle thefts occur at night and it is typically hours later that the victim discovers that their vehicle is gone. A stolen vehicle can be stripped for parts, used to facilitate other crimes, or smuggled into Mexico before the owner realizes that it is missing.

National Vehicle Theft Trends Vehicle Theft Rates 2003: Leading MSA's*



Note: Numbers/values used in the above graphs reflect information contained in the 2003 Uniform Crime Report, published by the U.S. Department of Justice (FBI).

*MSA's – Metropolitan Statistical Areas (encompass multiple jurisdictions).

Initiatives

Each of the three vital components of the AATA – public awareness and community education, law enforcement activities, and vertical prosecution all work together to combat vehicle theft throughout the State of Arizona.

Public Awareness and Education

The AATA's public awareness initiatives during fiscal year 2004 focused on strengthening our partnerships and collaborative efforts with community organizations, corporations and businesses, as well as criminal justice agencies throughout the state.

During fiscal year 2004, the AATA awarded nearly \$175,000 in grant funds to twenty-three (23) criminal justice agencies to conduct public awareness activities on vehicle theft prevention, while also promoting the Watch Your Car Program, one of several elements of the "layered approach" to protection the AATA advocates. These grant agencies are required to submit quarterly performance reports to the AATA on their public awareness and community education efforts. During fiscal year 2004, these agencies participated in 350 public awareness events and meetings, VIN etched vehicles, and conducted on-going law enforcement personnel training within their agencies.

In October 2003, the AATA launched a six-month radio Public Service Announcement (PSA) campaign, which included distribution of :30 second and :15 second PSA's in the Phoenix and Tucson metro areas, as well as 16 other rural communities across Arizona.

In addition, media releases were distributed regularly to encourage consistent coverage of the AATA's efforts, current crime trends and statistics, and consumer protection topics. As a result of these on-going press releases and media relations, the AATA participated in several newspaper, television, and radio interviews that generated over 20 million media impressions throughout the state.

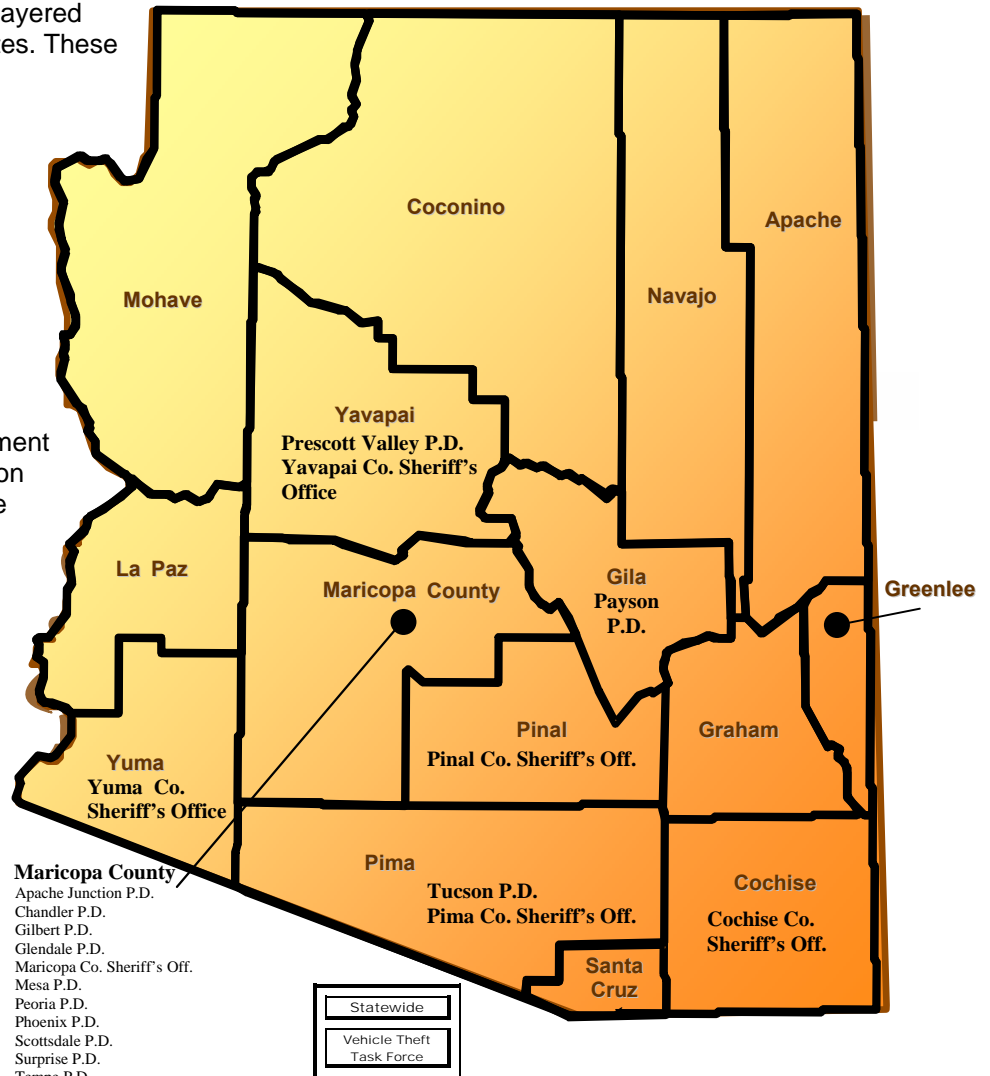
In FY 2004, the AATA continued its partnerships with the Motor Vehicle Division Service Centers, AAA Arizona Travel Offices, and Apartment Community

Rental Offices for distribution of Watch Your Car program brochures. In addition, the AATA's partnership mailing project with the Motor Vehicle Division was continued for an additional year.

This partnership mailing entails sending vehicle theft prevention and Watch Your Car program information in the registration renewal tag mailing to vehicle owners in Arizona.

In March 2004, the AATA conducted a corporate outreach program to local businesses to educate their employees about vehicle theft prevention. The Agency received numerous requests to attend employee presentations and host on-site safety fairs and employee VIN etching events. Some of the corporations include: Arizona Public Service (APS), Farmers Insurance, Farnam Companies, Honeywell,

AATA 2004 Public Awareness Grant Recipients



MFS Investment Management, Petsmart, Southwest Gas Corporation, State Farm Insurance, Target, TriWest Healthcare Alliance, and U-Haul International. The Agency also partnered with Maricopa County and the State of Arizona to distribute payroll inserts containing vehicle theft prevention information inside employee paychecks.

The AATA has also participated in greater outreach to the Hispanic community with the creation and printing of Spanish Watch Your Car brochures and literature, and increased media relations with local Spanish language newspapers, other publications, radio and television.

The AATA's web site at www.azwatchyourcar.com continues to be updated and enhanced for greater public accessibility and averages approximately 100 hits per day. The site provides information on the AATA, current auto theft statistics, theft prevention tips, current community events, posting of all grant program application procedures and requirements, as well as information for the insurance industry on the semi-annual insurance assessment and numerous relevant links. For the public's convenience, an on-line Watch Your Car application form is available for easy enrollment in the program. The AATA's website is continually updated to contain the most current motor vehicle theft related information and upcoming special events.



The AATA's Watch Your Car van continues to be a popular promotional tool utilized consistently by the AATA and its law enforcement partners at community events, safety fairs, and promotional opportunities throughout Arizona. This fiscal year, the van has been utilized by Maricopa County Sheriff's Office, Yuma County Sheriff's Office, Apache Junction, Chandler, Glendale, Mesa,



Event participants attend an Allstate/Phoenix Police Department/AATA VIN etching event at Metro Center Mall.



AATA Promotional Items

Phoenix, Prescott Valley, Scottsdale, Tempe, Tucson, and Yuma Police Departments. The van is complete with exterior advertising graphics and theft prevention messages to be used to promote vehicle theft prevention and the AATA's free Watch Your Car program. The van is also equipped with several theft deterrent devices to educate the public on the various choices available for theft prevention.

In fiscal year 2004, the AATA expanded its VIN (Vehicle Identification Number) Etching Program. VIN Etching is the process of etching the vehicle's 17 digit (in most cases) VIN number on the vehicle's window glass and is an effective visual deterrent against auto theft. The AATA continues hosting and co-hosting free VIN etching events throughout the state in conjunction with our criminal justice partners. In fiscal year 2004, it is estimated over 20,000 vehicles received free VIN etching utilizing the AATA's equipment.

The AATA continues to participate and promote grass-roots public awareness campaigns targeting communities throughout the state. The AATA participated in numerous community events featuring vehicle theft prevention information, Watch Your Car program enrollment and free VIN etching. The following are examples of these types of events the AATA participated in during fiscal year 2004:

- State of Arizona Employee Safety Fairs
- Neighborhood Safety Fairs and Blockwatch Meetings
- Law Enforcement Sponsored Safety Fairs
- Corporate Employee Safety Fairs and presentations
- Blue Cross Blue Shield Employee Health and Safety Fair
- Discover Card Employee Safety Fair featuring free VIN Etching
- Shopping Mall Crime Prevention Events
- Senior Center and Retirement Community Presentations

Allstate Insurance Auto Theft Fairs with Free VIN Etching

Getting Arizona Involved in Neighborhoods (GAIN) Events

State University and Community College Events

OASIS Classes

AARP's 55 Alive Driver's Education Classes and Town Hall Meetings

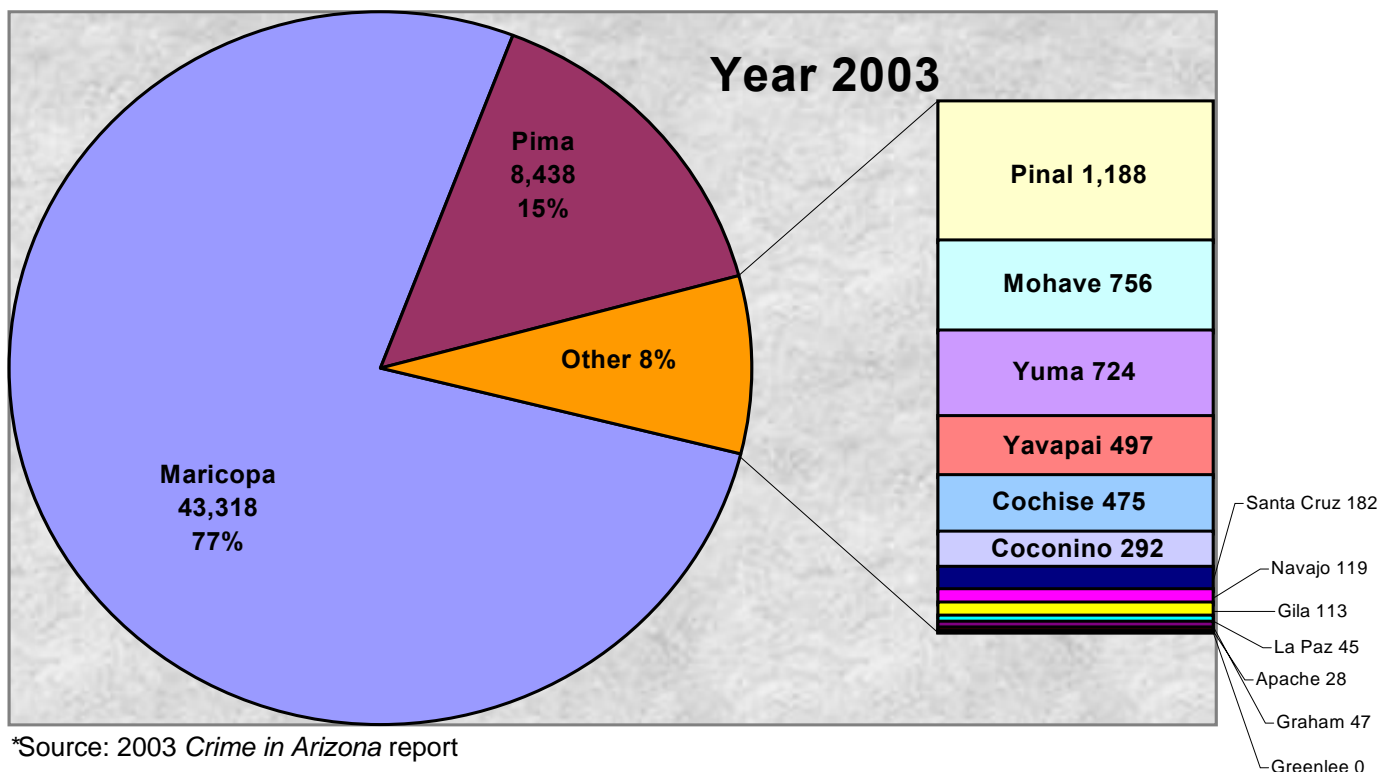
Civic Group Presentations

Vertical Prosecution

The Arizona Automobile Theft Authority has identified vertical prosecution as a vital component of a comprehensive vehicle theft reduction strategy for the State of Arizona. Vertical prosecution refers to the concept of utilizing dedicated, specially trained deputy county attorneys to address all phases of the criminal justice process regarding vehicle theft, and associated crimes. Vertical prosecution has been highly successful in dealing with other criminal activities such as, homicide, narcotics, organized crime, sexual assault and crimes against children.

A review of performance evaluations, and information obtained from law enforcement personnel indicates a significant improvement in the prosecution of vehicle theft suspects, particularly those identified as career criminals. The AATA has received favorable support from the county attorneys, and law enforcement executives to continue and expand this program. The AATA provides funding to the county attorneys in those counties with the highest vehicle theft rates, and/or border counties, which encounter a significant number of suspects in stolen vehicles from other areas.

*Arizona Vehicle Thefts By County



In FY 2004, the program included full time prosecutors in Maricopa, Pima and Pinal Counties. Grants for part time prosecutors were continued in Cochise, Mohave and Santa Cruz counties.

The results of the Vertical Prosecution program over the last two years are as follows:

	<u>2003</u>	<u>2004</u>
Number of prosecutors (FTE's & part-time)	8	8
Number of participating counties	3	6
Number of vehicle theft cases filed	588	477
Number of convictions	319	422
Percent of convictions to cases closed	94%	96%
Amount of restitution order (in thousands)	818.2	1,631.3

Law Enforcement Grants

For the third consecutive year, the AATA awarded grants to law enforcement agencies throughout the state to promote more efficient and effective law enforcement activities in vehicle theft investigation, enforcement and prevention within their jurisdiction. Law enforcement agencies in the State of Arizona are notified of the availability and purpose of grant funds and are eligible to submit applications for grants, provided they comply with the terms and conditions of the grant. Awards are based on the evaluation of the grant proposal by the AATA staff and subcommittee of the AATA Board, with final approval given by the full Board of Directors. Grants approved in the current fiscal year are funded on July 1 for the following fiscal year.

In April 2004, the AATA Board awarded \$222,488 in Law Enforcement Grants to 17 agencies. The awards included \$42,000 to 5 law enforcement agencies for bait vehicle systems and \$100,377 in overtime funds for vehicle theft investigations for 12 agencies.

Professional Training Grants

The Professional Training Grants are awarded to law enforcement and prosecutorial agencies to promote professional training and development of its personnel.

Criminal justice agencies within the State of Arizona are notified of the availability and purpose of grant funds, and are eligible to submit applications for grants provided they comply with the terms and conditions of the grant. Awards are based on the evaluation of the training requested as well as the impact the training will have on the statewide effort to combat vehicle theft.

The AATA staff and subcommittee of the AATA Board evaluate the requests, with final approval given by the full Board of Directors. Both tuition and travel expenses are considered. The amounts of these grants may vary in future years depending on the location and availability of training opportunities.

For the fiscal year ending June 30, 2004, the AATA Board awarded \$17,582 to 17 law enforcement agencies to send 60 officers to the 2004 AATIA Training Seminar in Laughlin, Nevada in October 2004.

Arizona Vehicle Theft Task Force

The Arizona Vehicle Theft Task Force (AVTTF) was established to coordinate a statewide law enforcement effort to combat vehicle theft. The mission of the Task Force is to reduce vehicle theft in the State of Arizona by deterring criminal activity through proactive enforcement and investigation.

The Task Force serves as a statewide resource for the investigation of property crimes involving vehicles, related components, and insurance fraud. The Task Force also provides technical expertise and training as well as investigative support to law enforcement agencies targeting vehicle theft. The Task Force is comprised of local and state law enforcement agencies, along with other entities participating in concerted efforts to identify, apprehend and prosecute individuals and criminal organizations that profit from the theft of motor vehicles, related criminal activity and insurance fraud.

The AVTTF is administered by the Department of Public Safety through a grant from the AATA. The Task Force commenced limited operation in 1997, with two enforcement squads in Maricopa County and one in Pima County.

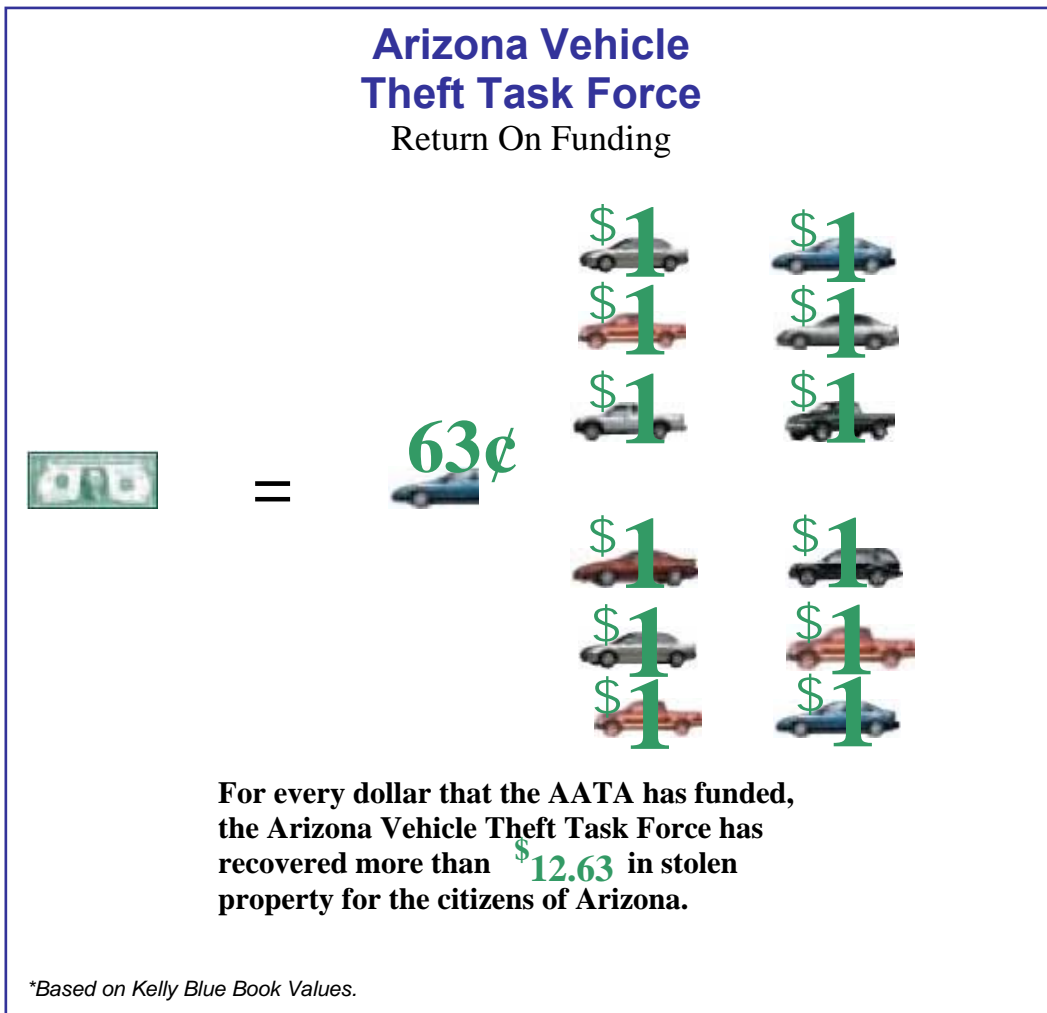
Currently, the AVTTF is represented by 21 agencies, with personnel in Cochise, Maricopa, Mohave, Pima, Pinal, Santa Cruz, Yavapai, and Yuma Counties. Task Force personnel routinely respond to requests for assistance in other Arizona counties as well.

The Task Force, operational for only seven years, is already recognized as one of the premier units of its kind in the nation. The AVTTF was awarded the 1999 and 2002 Vehicle Theft Award of Merit by the IACP (International Association of Chiefs of Police) and the National Insurance Crime Bureau (NICB) for their outstanding efforts to reduce vehicle theft. In addition, they received the 2002 Vehicle Theft Award of Merit by the IAATI (International Association of Auto Theft Investigators) at their annual conference held in Los Angeles in August 2003. The Task Force received this prestigious award for their efforts with Operation Wounded Jaguar, a two-year in-depth investigation into a criminal enterprise involved in auto theft, insurance fraud, VIN switching, money laundering, public corruption, and numerous other crimes. Most importantly, the AATA, Department of Public Safety, and participating agencies have developed a strong partnership, which has been integral to the success of the Task Force. Members of the Task Force, representing 21 different agencies, have worked diligently to combat vehicle theft and related crimes throughout the State of Arizona.

The results of the Task Force's initiatives have been

substantial. For every dollar that the AATA funded in fiscal year 2004, the Task Force has recovered \$12.63 in stolen property for the citizens of Arizona. In fiscal year 2004, the Task Force recovered 2,896 stolen vehicles, with an estimated value of more than 31.5 million dollars. They also arrested 312 felony suspects, shut down 36 "chop shops," conducted 41 insurance fraud investigations and responded to 1,130 calls for assistance from other law enforcement agencies. These numbers are remarkable considering that during much of this time the Task Force was deeply involved in conducting a major criminal investigation.

Since its inception (January 1997) the Task Force has recovered 16,144 stolen vehicles, with an estimated value of more than 151.5 million dollars. Additionally, the Task Force has made 1,938 felony arrests, shut down 241 "chop shops," investigated 305 insurance fraud cases and responded to 5,672 calls for assistance. The Task Force has also provided training to more than 2,000 law enforcement personnel throughout the state and is actively involved in public awareness and community education programs.



Participating Agencies in the Arizona Vehicle Theft Task Force

LAW ENFORCEMENT AGENCIES:

Cochise County:

Arizona Department of Public Safety	1 detective
Cochise County Sheriff's Department	1 deputy

Maricopa County

Arizona Department of Public Safety	1 lieutenant, 3 sergeants, 9 detectives
Arizona Department of Insurance	1 special agent
Arizona State University	1 detective
Chandler Police Department	1 detective
El Mirage Police Department	1 detective
Glendale Police Department	1 detective
Mesa Police Department	1 detective
National Insurance Crime Bureau	1 special agent
Phoenix Police Department	1 sergeant 2 detectives
Scottsdale Police Department	1 detective
Tempe Police Department	1 detective

Mohave County:

Arizona Department of Public Safety	1 detective
Bullhead City Police Department	1 detective

Pima County:

Arizona Department of Public Safety	1 sergeant, 1 detective
Marana Police Department	1 detective
National Insurance Crime Bureau	1 special agent
Pima County Sheriff's Department	1 detective
Tucson Police Department	1 sergeant, 2 detectives

Pinal County:

Arizona Department of Public Safety	1 detective
Pinal County Sheriff's Office	1 deputy

Santa Cruz County:

Arizona Department of Public Safety Motor Vehicle Division	1 detective 1 special investigator
Santa Cruz County Sheriff's Office	1 detective

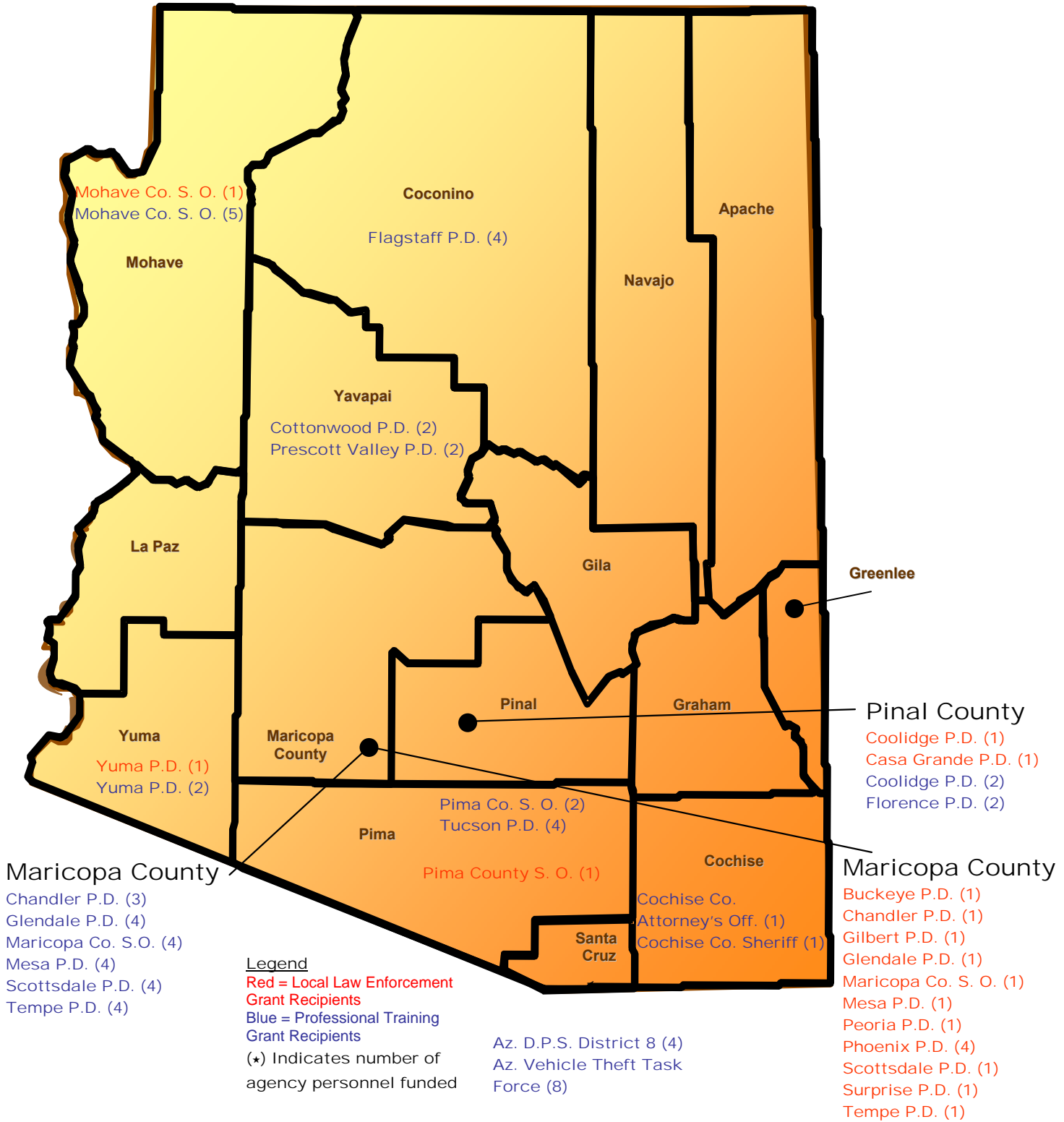
Yavapai County:

Arizona Department of Public Safety	1 detective
Yavapai County Sheriff's Office	1 detective

Yuma County:

Arizona Department of Public Safety	1 sergeant, 1 detective
Yuma County Sheriff's Office	1 detective

AATA 2004 Law Enforcement & Professional Training Grant Recipients



AATA Recognizes 2003 Award Recipients

The AATA's outstanding law enforcement, government and private sector partners were honored at an awards ceremony luncheon as part of the 2nd Annual Summit on Vehicle Theft. The award recipients have all demonstrated outstanding accomplishments and innovative approaches to combating auto theft in the State of Arizona.

Mr. Michael Payne, AATA Board Chairman presented the awards.



Officer Steve Jones, Mesa Police Department, 2003 Patrol Officer of the Year.



Deputy Jacob Nickell, Pima County Sheriff's Department, 2003 Patrol Officer of the Year.



Officer Steve Norlin, Az. Department of Public Safety, 2003 Patrol Officer of the Year.



Ms. Susan Luder, Maricopa County Attorney's Office, 2003 Prosecutor of the Year.



Ms. Christi Billquist, State Farm Insurance Company, 2003 Special Investigator of the Year.



Detective John Bier, Tempe Police Department, 2003 Task Force Officer of the Year.



Officer Jennifer Miller, Prescott Valley Police Department, 2003 Crime Prevention Specialist of the Year.



Officer Michael Schuh, Oro Valley Police Department, 2003 Watch Your Car Special Recognition of the Year.



Ms. Pat Garner, 2003 Watch Your Car Special Recognition of the Year.



Mr. John Chesbro, 2003 Watch Your Car Special Recognition of the Year.



Mr. Jeff Newman, 2003 Watch Your Car Special Recognition of the Year.



Ms. Suzy Seibert, 2003 Watch Your Car Special Recognition of the Year.



Mr. Art Myer, 2003 AATA Employee of the Year.



Prescott Valley Police Department's Support Services Division, 2003 Public Awareness & Community Education Unit of the Year.



Mesa Police Department's Auto Theft Unit, 2003 Law Enforcement Unit of the Year.



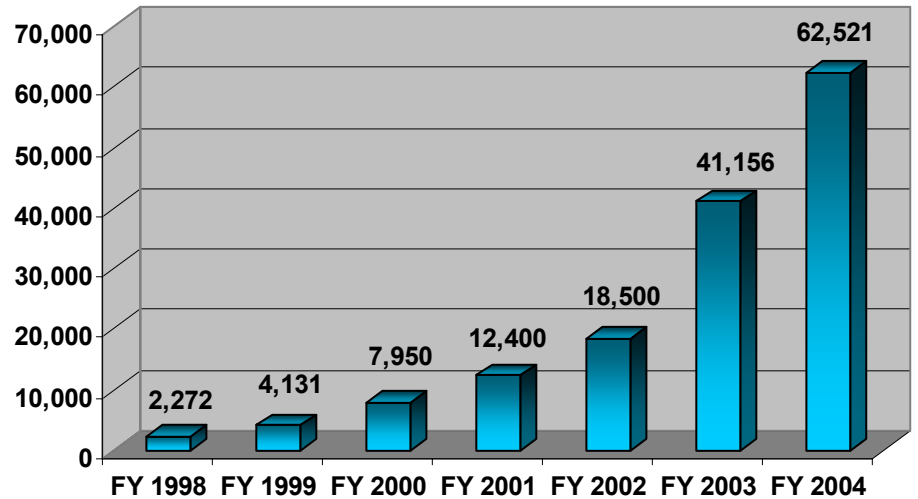
Allstate Insurance Company, 2003 Outstanding Private Sector Partner of the Year.

Watch Your Car



Watch Your Car Program Enrollments 1998 - 2004

Watch Your Car Program Enrollments*



* Through June, 30, 2004



The Motor Vehicle Theft Prevention Act of 1994 authorized the U.S. Attorney General to develop, in cooperation with the states, a national voluntary motor vehicle theft prevention program. The National Watch Your Car program is designed as a cooperative initiative between the states and the Bureau of Justice Assistance. The AATA has administered this national program in Arizona since 1998, with 75% of the program's funding provided by federal grants. The Watch Your Car program serves as the centerpiece of the AATA's vehicle theft prevention and deterrence programs, and is just one element of a "layered approach" to protection recommended by the AATA to effectively deter vehicles from being stolen.

The Watch Your Car program is a voluntary enrollment program designed to deter vehicle theft, assist in the recovery of stolen vehicles, and apprehend auto thieves. After enrolling and signing an application form, participants in the program affix Watch Your Car decals to their vehicle, which authorizes law enforcement officials to stop the vehicle between the program hours of 1:00 AM and 5:00 AM when most vehicle thefts occur, or within one mile of the international border. Enrollment forms are obtained by contacting the AATA by phone or accessing the information at events and/or via the Internet at the Agency's web site at www.azwatchyourcar.com. The Watch Your Car program is free and open to all citizens with cars registered in the State of Arizona.

To promote the Watch Your Car program and other comprehensive vehicle theft prevention tips, the AATA partners with Criminal justice agencies throughout the state, participates in auto theft prevention events and safety fairs as well as homeowners association and Blockwatch meetings. Information displays are also located at every Motor Vehicle Division and AAA Arizona Travel Office statewide as well as at insurance company claims offices and apartment community rental locations. At the end of the fiscal year 2004, the AATA had over 62,500 vehicles enrolled in the Watch Your Car Program, which is a 52% increase in enrollments from fiscal year 2003. The AATA anticipates a continued increase in Watch Your Car enrollments in fiscal year 2005.

Financial Report

For the Year Ended June 30, 2004

Arizona Automobile Theft Authority Fund

The Automobile Theft Authority Fund is a special revenue fund, which was established by the Arizona Legislature and is the only operating fund of the Automobile Theft Authority. The AATA does not receive any tax dollars or appropriations from the General Fund of the State of Arizona.

All revenues received by the Authority, including investment income and monetary gifts, are deposited in the Automobile Theft Authority Fund. With the exception of grant awards to the Authority, expenditures of the Authority are appropriated by the Legislature and paid from collected monies in the Fund.

The financial statements for the fiscal year ending June 30, 2004 of the AATA have been audited by the accounting firm of Heinfeld, Meech & Co., P.C., Certified Public Accountants in accordance with generally accepted accounting principles and government auditing standards. Their report gave an unqualified opinion of the Authority's financial statements and their report on compliance and internal controls stated, "we noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses."

A copy of the full audit report prepared by Heinfeld, Meech & Co. may be obtained by contacting the Arizona Automobile Theft Authority.

Revenue

The revenue of the AATA is derived from a statutory semi-annual assessment of 50 cents per vehicle paid by each insurance company writing automobile liability in Arizona on motor vehicles weighing less than 26,000 pounds gross vehicle weight (GVW).

Revenue collections from insurance assessments for the fiscal year ending June 30, 2004 were \$3,885,317. Until December 2000, most insurers had been calculating the assessment based on a pro rata method known as earned car years. However, effective July 1, 1997 the Arizona Legislature changed the assessment calculation method to the actual number of vehicles insured. During the last four fiscal years the Authority worked with insurers to correct this error and collect past due assessments. As the graph on page 25 indicates, the revenue correction has been completed.

All excess cash was invested with the State Treasurer and the Authority earned \$31,573 investment income in the current year. The decrease from \$41,573 resulted from lower rates of return in the current year due to market trends and lower investment balance.

Expenditures

Total expenditures for the current year were \$4,071,659. A decrease of \$32,333 from the expenditures from the previous year of \$4,103,992.

The Arizona Revised Statutes, A.R.S. §41-3451.H requires that "The costs of administration shall not exceed ten percent of the monies in the fund in any one year so that the greatest possible portion of the monies available to the authority is expended on combating motor vehicle theft." Accordingly, the Arizona Automobile Theft Authority tightly controls its administrative costs. Administrative expenses of the Authority are limited by statute and are not to exceed 10% of the revenue collected by the Authority. For the fiscal year ending June 30, 2004, the Authority was in compliance with this statute with "costs of administration" being 8.8%, of "the monies in the fund" as verified by the audit. In FY2004, the AATA's administrative costs for the current fiscal year ended June 30, 2004 were 8.6% of total expenditures.

The AATA ended the year with cash and investments with the State Treasurer of \$1,469,037.

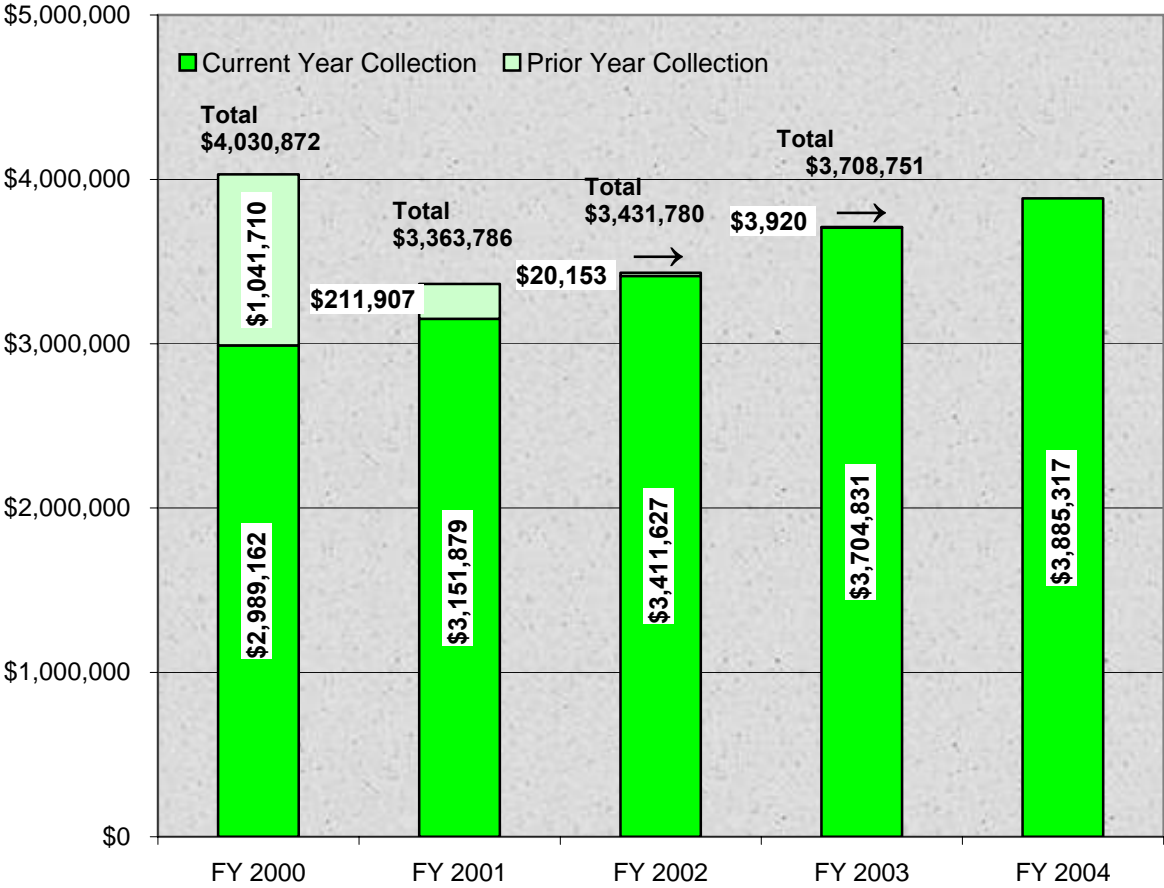
Revenue Forecast

Revenue from the Insurance Assessment has continued to grow each year for the last three years, and will continue to do so at an annual rate of approximately 6%. The following factors will contribute to revenue growth:

- I. Increase growth in Arizona's population and corresponding growth in the number of vehicles registered and insured within the state.
- II. Efforts by staff to verify insurers of fleets are paying the required assessment.
- III. Continued review by staff to verify that companies are calculating assessment payments on actual number of vehicles insured rather than just policies or other methods.

Financial Report continued

Insurance Assessment Revenue



Arizona Auto Theft Authority Fund

Statement of Operations by Program for the Fiscal Year Ended June 30, 2004

	June 30, 2003	June 30, 2004
Revenues		
Current Year Collections	\$ 3,704,831	\$ 3,885,317
Prior Year Collections	3,920	0
Auto theft summit	5,470	10,726
Investment Income	41,576	31,573
Grants	200,000	40,000
Other	1,531	7,158
Total cash Collections	<u>3,957,328</u>	<u>3,974,774</u>
Revenue Accrued at June 30th	607,813	(18,709)
Total Revenue	<u>\$ 4,565,141</u>	<u>\$ 3,956,065</u>
Expenditures by Program		
Administrative Costs (1,2)	351,491	349,634
Arizona Vehicle Theft Task Force	2,597,500	2,500,000
Vertical Prosecution	390,775	501,326
Public Awareness Programs	121,502	204,644
Public Awareness Grants	241,975	168,025
License Plate Reader System	49,200	0
Arizona BATIC Center	150,000	0
Law Enforcement Grants	0	209,408
Professional Training Grants	369	14,668
Special Grants	0,000	68,788
Watch Your Car Program (BJA Grant)	195,710	44,440
Auto Theft Summit	5,470	10,726
Total Expenditures (3)	<u>\$ 4,103,992</u>	<u>\$ 4,071,659</u>
Excess of revenues over expenditures	461,149	(115,594)
Beginning Fund Balance (4,5)	3,085,750	3,546,899
Ending Fund Balance (4,5)	<u>\$ 3,546,899</u>	<u>\$ 3,431,305</u>
Footnotes:		
1. Administrative Costs as a percentage of cash collections	8.9%	8.8%
2. Administrative Costs as a percentage of total expenditures	8.6%	8.6%
3. Actual expenditures by category per audited financial statements:		
Appropriated Current Operating Expenses:		
Personal Services	\$ 243,351	\$ 254,127
Employee related expenses	55,418	69,726
Professional services	17,763	26,459
Travel-in-state	3,862	2,780
Travel - out-state	6,748	12,379
Other Operating	85,868	146,652
Aid to organizations	3,469,819	3,497,215
Non-capital equipment	22,298	7,156
Administrative Adjustments	-2,315	0
Total Expenditures	<u>\$ 3,902,812</u>	<u>\$ 4,016,494</u>
Non-appropriated Expenses		
Watch Your Car Program (BJA Grant)	\$ 195,710	\$ 44,439
Auto Theft Summit	5,470	10,726
Total non-appropriated expenditures	<u>\$ 201,180</u>	<u>\$ 55,165</u>
	<u>\$ 4,103,992</u>	<u>\$ 4,071,659</u>
4. Fund balance includes accrued income as per the audited financial statements		
5. Cash invested with the State Treasurer on June 30th	\$ 1,529,062	\$ 1,447,814
6. Report based on audited financial statements		

Impact of Motor Vehicle Theft Prevention Programs on Vehicle Insurance Costs

In fulfillment of the statutory requirement that the Arizona Automobile Theft Authority report annually on the impact of vehicle theft prevention programs on consumer automobile insurance rates, the AATA received the following statement from the Arizona Insurance Information Association (AIIA):

Comprehensive insurance is a first-party coverage that pays if your vehicle is stolen, vandalized, or needs glass repairs. It also provides coverage if your vehicle is damaged by fire, wind, hail, or collisions with animals.

For those Arizona consumers who purchase "full coverage" vehicle insurance, comprehensive coverage represents about 15 percent of the total premium, according to the Arizona Insurance Information Association. The most costly coverages are injury liability, and collision insurance.

The efforts of the AATA in implementing theft-prevention awareness programs, and its commitment to investigations and prosecutions of vehicle thieves has helped stabilize comprehensive insurance rates in Arizona.

Future of the AATA

In 2005, the AATA will continue to focus on its bold mission to address the epidemic problem of vehicle theft. The Agency is realizing remarkable support from the criminal justice community, insurance industry and the general public. The AATA's Board of Directors has committed the maximum available resources to support an aggressive anti-vehicle theft campaign which it hopes will result in a continued reduction in vehicle theft in Arizona.

The AATA is currently involved in a joint-partnership with the Department of Public Safety (DPS), and the National Insurance Crime Bureau (NICB) to utilize technology to enhance border interdiction efforts. It involves two innovative initiatives; the license plate reader project (LPR) and the Border Auto Theft Information Center (BATIC) under the supervision of the Arizona Vehicle Theft Task Force. Due to the effects of 9/11, the Bureau of Customs and Border Protection has ceased installation of license plate reading cameras in the outbound lanes at the ports-of-entry along the southwest border. The AATA will continue its leadership role in supporting this program, which has the capability to provide valuable information and contribute to the interdiction of stolen vehicles destined to leave the United States. Additionally, the AATA is actively engaged in investigating the feasibility of mobile LPR's, which may offer enhanced interdiction capability.

Arizona is one of few states that has readily embraced this project, and the AATA is receiving enormous support from law enforcement and the insurance industry.

If fully operational, the license plate readers (LPR's) would capture the license plate of all vehicles entering and leaving the United States via the ports-of-entry. The LPR's will record the license plate, and the data will be instantaneously forwarded to the DPS in order to check ACIC and NCIC to determine if the vehicle is reported stolen. This will enable enforcement personnel to stop the vehicle before leaving the U.S.

If the vehicle cannot be stopped, the information will be forwarded to the appropriate law enforcement agency. The AATA, with the assistance of the Task Force, has been actively fostering a high level of cooperation with law enforcement officials in Mexico. The intent is to develop a means to immediately communicate law enforcement and intelligence related information between officials in Sonora and Arizona. The AATA will continue to foster and promote cooperation at both state and national levels by developing a viable partnership among the Border States, various law enforcement agencies, the Department of Homeland Security and private sector stakeholders to expedite the completion and implementation of the LPR system.

The prosecution and public awareness efforts will continue to be vital components in the AATA's efforts to combat vehicle theft in Arizona. The AATA intends to continue and expand its annual grant assistance program to local law enforcement agencies and county attorney offices statewide. The efforts of the criminal justice agencies involved with the AATA's grant programs thus far have been impressively effective at addressing the law enforcement, prosecution and public awareness and community education components of the AATA's mission.

In fiscal year 2005, the AATA will continue to sponsor VIN (Vehicle Identification Number) etching with partnering agencies throughout the state to actively promote free VIN etching on window glass as an effective visual vehicle theft deterrent and recovery aid.

In fiscal year 2003, the AATA provided grant funding to five Arizona law enforcement agencies to purchase bait car systems. In fiscal year 2004, nine additional Arizona law enforcement agencies were awarded grants for the bait car systems. While it is too early to report statistics on this program, significant theft reduction results have been experienced in other states, and are expected in Arizona.

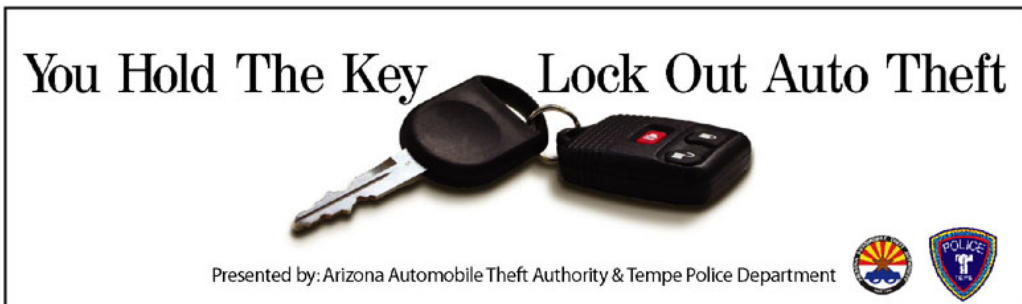
In FY 2005, the AATA will develop a :30 second PSA highlighting the Bait Vehicle Program. The PSA will feature two convicted bait vehicle thieves warning the public, specifically any would-be-thieves, of the existence of this program.

The AATA is continuing its development of youth prevention and deterrent curricula for middle school and high school students in Arizona. The middle school program will be geared toward educating students about the consequences of auto theft, specifically "at risk" youth and the high school program will focus on educating new drivers about vehicle theft prevention.

The AATA will partner with school districts, law enforcement agencies and drivers education programs to distribute the youth prevention curricula.

During fiscal year 2005, the AATA will continue its efforts to reduce its administrative costs and direct the maximum amount of its resources to its programs. Cost savings are being realized through utilization of bulk mail, additional reliance on the Internet for communication and greater utilization of our staff's talent to perform tasks, once contracted out. A good example of these efforts are represented in the production of this Annual Report which was entirely written, produced and displayed on the Internet by AATA staff, at a cost-savings of nearly \$3,000.

In May 2005, the AATA will host the Third Annual Arizona Summit on Vehicle Theft in Tucson, Arizona. The 2005 Summit will explore current vehicle theft trends in Arizona, the Nation and throughout the world, deliver "best practices" presentations in the area of successful enforcement and investigation; vertical prosecution and public awareness and community education initiatives. The Summit will also include an awards ceremony to recognize exceptional performance of criminal justice personnel and agencies involved in the fight against vehicle theft.



Tempe Police Department, Billboard Campaign

In addition, the AATA will seek additional opportunities to promote public awareness through partnerships with corporations and businesses in the sponsorship of employee events featuring the Watch Your Car Van, presentations by AATA staff and criminal justice personnel and VIN etching.

In 2004, the AATA continued the partnership mailing project with the Motor Vehicle Division, which began in January 2003. This partnership mailing entails sending vehicle theft prevention and Watch Your Car program information in the registration renewal tag mailer to vehicle owners in Arizona.

This partnership increased enrollments by approximately 31,706 during fiscal year 2004. The AATA and MVD will continue this mailing partnership through fiscal year 2005, with enrollments projected to reach an excess of 100,000 by June 30, 2005. While the enrollment figures are impressive, what is even more impressive is the overwhelmingly positive response to the program by the general public in wanting to protect themselves from vehicle theft.

Special Thanks

The Arizona Automobile Theft Authority Board of Directors and Staff would like to thank the following individuals and organizations for their continued support and assistance.

Michael Branham, Executive Director, Arizona Criminal Justice Commission
Officer Eric Breindl, Phoenix Police Department
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Terrie Zenoff, Assistant Attorney General

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A special thank you to the National Insurance Crime Bureau (NICB) and the following insurance companies for providing vehicles for the AATA's Bait Car Program; Allstate, American Family, CHUBB Country Mutual, Farmers, Geico, Hartford, Infinity Liberty Mutual, Progressive, State Farm, Titan, and USAA.

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