

Arizona Automobile Theft Authority

2006 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, 2006.

The AATA is pleased to report a four percent (4.1%) reduction in Arizona's vehicle theft rate for 2005. This reduction represents the third straight year Arizona has realized a decrease in its auto theft rate. Arizona remains the number two state for auto thefts behind Nevada according to recent statistics released in the 2005 FBI Uniform Crime Report. The AATA is encouraged by the downward trend in the vehicle theft rate and attributes this success in part to the current initiatives, programs and partnerships that we have cultivated. Although the Agency is pleased with the reduction, we know a great deal of work remains to continue to reduce Arizona's vehicle theft rate.

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 moderate 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,



Sheriff Ralph Ogden
Chairman of the Board

Board of Directors June 30, 2006



Sheriff Ralph E. Ogden, Chairman of the Board
Yuma County Sheriff's Office

Sheriff Ralph 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.



Dean C. Butler, Vice-Chairman
Farmers Insurance Company

Dean 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 25 years of experience in the insurance industry. Mr. Butler represents one of two insurance industry positions on the AATA Board.



Sheriff Joe Arpaio
Maricopa County Sheriff's Office

Sheriff Joe 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 over 40 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 eighteen of those years in the area of vehicle theft investigation.



Brian L. Garrett
State Farm Insurance Company

Brian Garrett was appointed to the AATA Board of Directors in 2005. Mr. Garrett represents one of two insurance industry positions on the AATA Board. Mr. Garrett has been with the State Farm Insurance Company since 1982 and is currently the Section Manager of the Special Investigative Units in Arizona, Nevada and New Mexico.



Chief Sherry Kiyler
Chandler Police Department

Chief Sherry 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.



Barbara LaWall
Pima County Attorney

Barbara LaWall has been a member of the AATA Board of Directors since April 2005. She occupies the County Attorney position on the AATA Board, representing a county with a population of five hundred thousand or more. Ms. LaWall, currently in her third elected term as Pima County Attorney, first assumed office in 1996 as the first woman to be elected Pima County Attorney.



Robert Carter Olson
Pinal County Attorney

Governor Napolitano appointed Mr. Olson to the AATA Board of Directors in February 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

Ellen 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.



Chief Daniel G. Sharp
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 25 years of law enforcement experience to the AATA Board.



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

Stacey 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 many 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.



Director Roger Vanderpool
Arizona Department of Public Safety

Roger Vanderpool was appointed Director of the Department of Public Safety by Governor Napolitano in March 2005. Director Vanderpool is the former Pinal County Sheriff; twice elected Sheriff. Prior to being first elected Sheriff, Director Vanderpool served 20 years with DPS and had been a police officer in Indiana. Director Vanderpool is a U.S. Army veteran having served in Germany. He serves on over 40 different state boards and commissions.

Arizona Automobile Theft Authority Staff

Enrique Cantu
Executive Director

Paul Boelhauf
Chief Financial Officer

Ann Armstrong
Public Affairs Officer

John Almasan
Public Information Officer

Arthur Myer
Fiscal Services Specialist

Nichole Thompson
Administrative Assistant

Executive Summary

Introduction

The Arizona Automobile Theft Authority (AATA) fiscal year is from July 1st to June 30th. The budget is appropriated biannually by the Arizona Legislature.

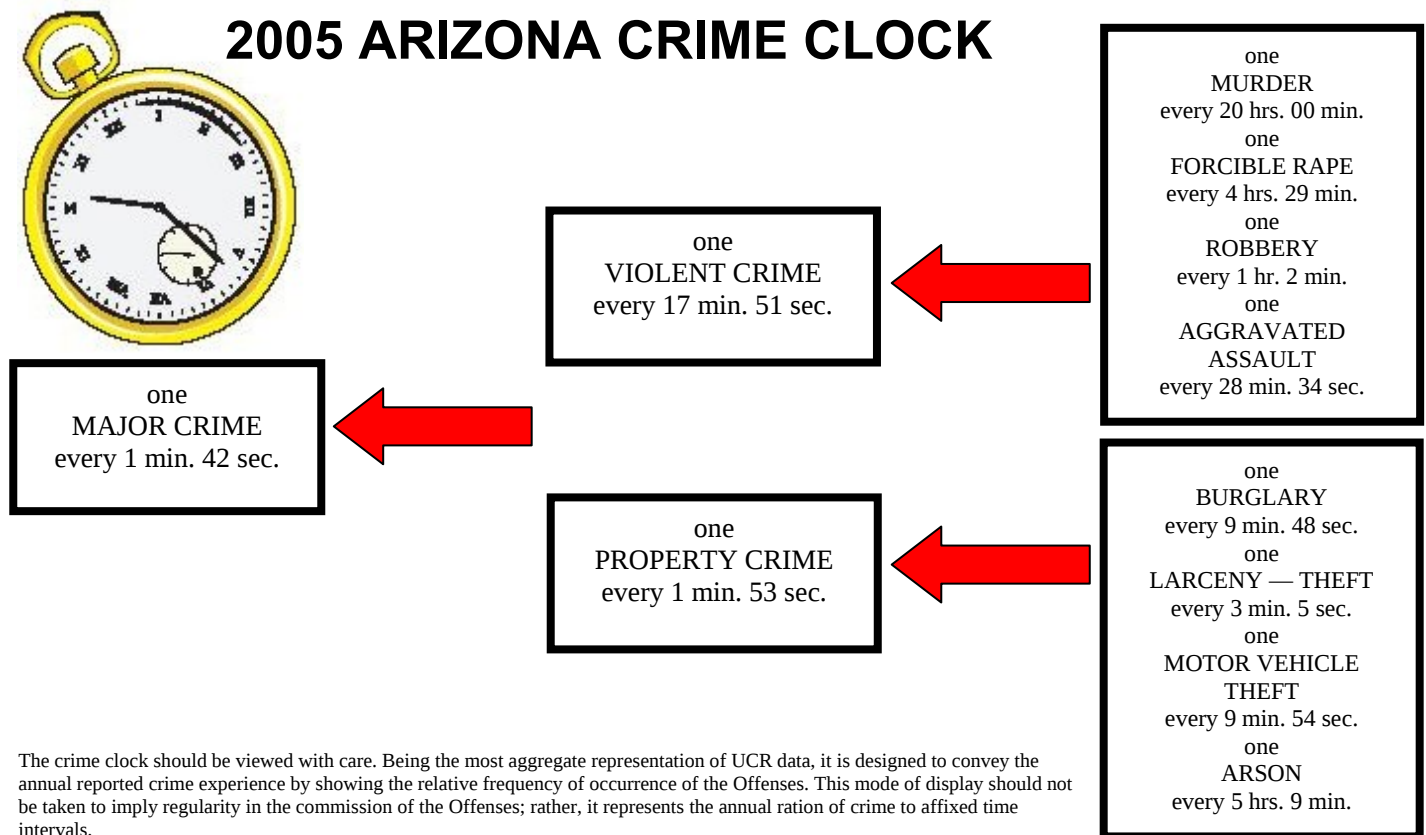
All motor vehicle theft statistics included in this report are based on the calendar year ending December 31, 2005 including those statistics cited from the 2005 *Uniform Crime Report*, published by the Federal Bureau of Investigation (FBI) and the 2005 *Crime in Arizona* Report published by the Arizona Department of Public Safety.

Accordingly, this report contains a combination of data sources reflecting both calendar year 2005 and fiscal year 2006 information. Discrepancies are recognized between the *Uniform Crime 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 2005 Uniform Crime Report (UCR) indicates there were more than 1.2 million motor vehicle thefts in the United States in 2005, with an estimated value of approximately \$7.6 billion dollars. In Arizona, there were 54,905 vehicles reported stolen during 2005, which reflects a 4.1% decrease in the theft rate from 2004.

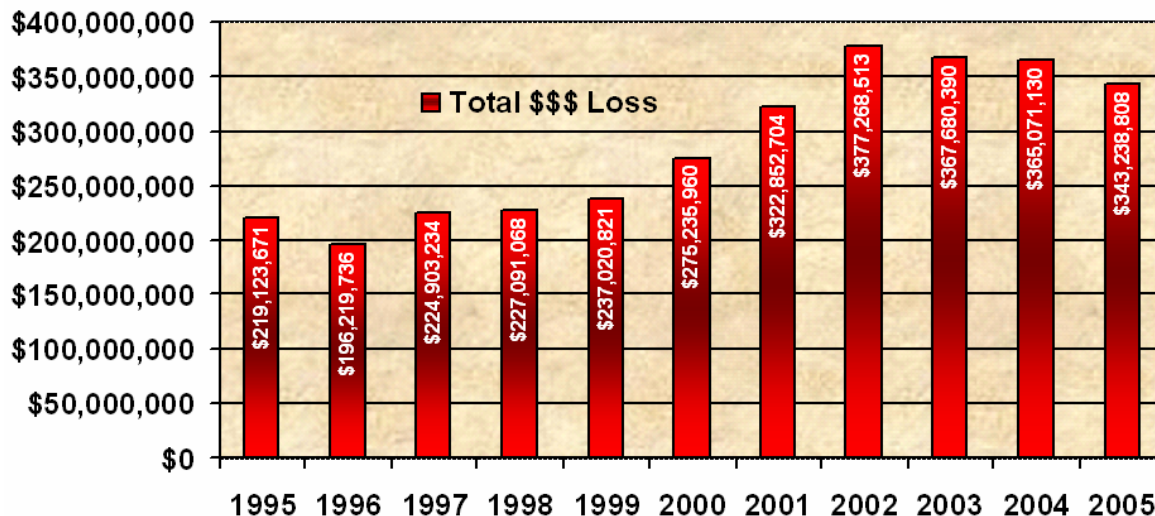


Source: Arizona Department of Public Safety 2005 *Crime in Arizona Report*

The FBI's UCR reflects that in 2005 the Western states have approximately 23 percent of the U.S. population and they accounted for 39 percent of all motor vehicle thefts in the Nation. By volume, the largest number of motor vehicle thefts an estimated 467,939 occurred in this region.

The estimated number of motor vehicle thefts in the U.S. went down 0.2 percent from last year's number. Also the motor vehicle theft rate, estimated at 416.7 thefts per 100,000 inhabitants had a decrease of 1.1 percent.

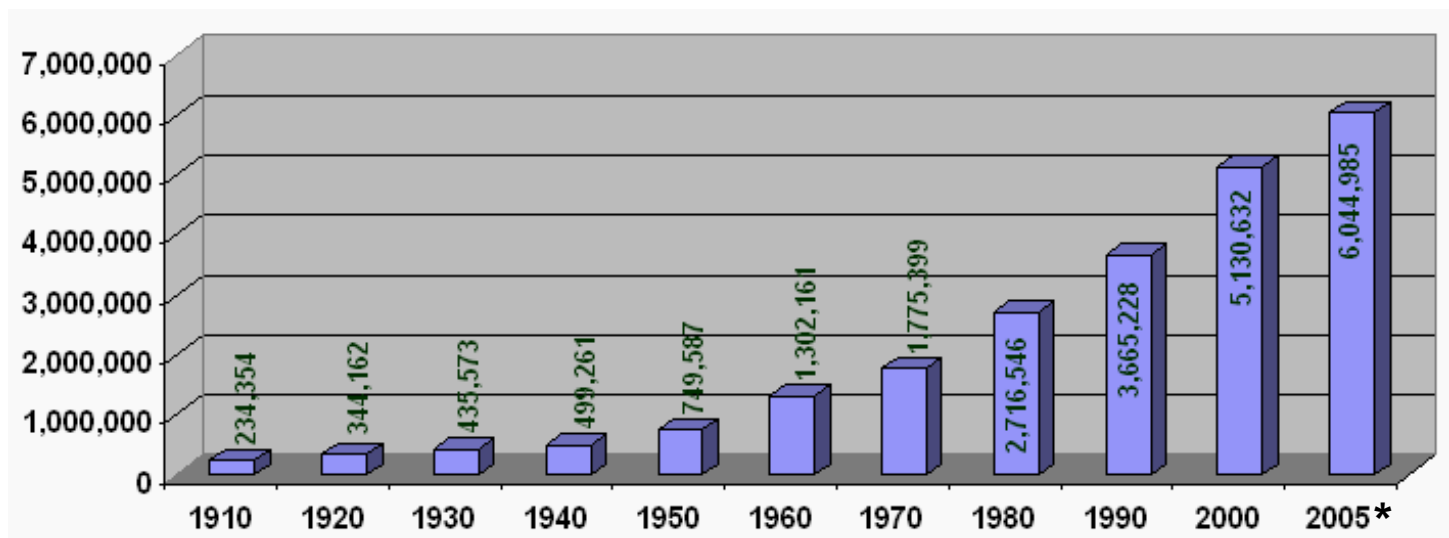
Arizona Economic Loss: 1994-2005



The UCR also shows that of the eight states in the West Mountain Region, Arizona and Wyoming are the only states to experience a decrease in the total number of vehicle thefts. According to Arizona Department of Economic Security, Arizona's population for 2005 is 6,044,985 which reflects an increase of over 914,000 people or 17.8 percent since 2000.

Arizona's population growth and our proximity to Mexico, remain primary factors that significantly impact the vehicle theft rate and other criminal activity. Despite the growth in population, the 2005 UCR reported that Arizona's theft rate decreased 4.1 percent from 2004 and remained number two in the nation, behind Nevada.

Arizona Population: 1910-2000 and 2005



*Arizona's current estimated population (2005) = 6,044,985
Note: Source — Arizona Department of Economic Security

Summary continued

Arizona ranks fourth (4th) in the nation in actual number of vehicles stolen, and remained in third (3rd) place in the country for vehicle thefts per capita, behind Washington, D.C., and Nevada. Arizona experienced a decrease in vehicle thefts and its theft rate, while other west region states posted significantly higher percentage increases in 2005, as demonstrated on the chart below.



Motor Vehicle Theft by State

Comparison 2004/2005
Ranked by % Change for Calendar Year 2004 to 2005

RANK	STATE	TOTAL # in 2005	TOTAL # in 2004	% CHANGE	*RATE/100,000
1	Montana	1,971	1,618	21.8%	210.7
2	Nevada	26,931	22,635	19.0%	1,115.2
3	North Dakota	1,057	906	16.7%	166.0
4	Alaska	2,595	2,240	15.8%	391.0
5	Washington	49,287	43,233	14.0%	783.9
6	Arkansas	7,284	6,491	12.2%	262.1
7	Vermont	641	575	11.5%	102.9
8	Utah	8,493	7,651	11.0%	343.9
9	Kansas	9,322	8,435	10.5%	339.6
10	Wisconsin	12,546	11,374	10.3%	226.6
17	Delaware	2,349	2,147	9.4%	278.5
12	Colorado	26,101	24,063	8.5%	559.5
13	Rhode Island	4,398	4,078	7.8%	408.7
14	Oklahoma	13,900	12,957	7.3%	391.8
15	Hawaii	9,135	8,620	6.0%	716.4
16	Idaho	2,884	2,724	5.9%	201.8
17	Minnesota	14,281	13,518	5.6%	278.2
18	North Carolina	28,466	26,988	5.5%	327.8
19	Nebraska	5,567	5,287	5.3%	316.5
20	South Carolina	16,358	15,637	4.6%	384.4
21	Oregon	19,262	18,535	3.9%	529.0
22	Maine	1,348	1,303	3.5%	102.0
23	Indiana	21,744	21,091	3.1%	346.7
24	West Virginia	3,816	3,739	2.1%	210.0
25	California	257,543	252,604	2.0%	712.8
26	Tennessee	25,078	24,749	1.3%	420.6
27	Iowa	5,475	5,404	1.3%	184.6
28	Ohio	41,379	40,853	1.3%	360.9
29	New Mexico	7,993	7,902	1.2%	414.5
30	Georgia	44,477	44,238	0.5%	490.2
31	Kentucky	8,796	8,772	0.3%	210.8
32	South Dakota	841	846	-0.6%	108.4
33	Texas	93,423	94,077	-0.7%	408.7
34	 Arizona	54,905	55,306	-0.7%	924.4
35	Missouri	25,699	25,893	-0.7%	443.1
36	Illinois	39,385	40,355	-2.4%	308.6
37	Florida	75,303	78,325	-3.9%	423.3
38	Michigan	48,223	50,555	-4.6%	476.5
39	Mississippi	7,492	7,879	-4.9%	256.5
40	Maryland	34,070	35,858	-5.0%	608.4
41	Pennsylvania	29,394	30,969	-5.1%	236.5
42	Connecticut	10,418	11,025	-5.5%	296.8
43	Alabama	13,140	14,024	-6.3%	288.3
44	Wyoming	739	799	-7.5%	145.1
45	District of Columbia	7,720	8,408	-8.2%	1,402.3
46	Puerto Rico	9,299	10,128	-8.2%	237.7
47	Virginia	15,972	17,411	-8.3%	211.1
48	New Jersey	27,683	30,306	-8.7%	317.5
49	New York	35,736	41,002	-12.8%	185.6
50	Massachusetts	18,880	22,053	-14.4%	295.1
51	Louisiana	14,389	19,714	-27.0%	318.1
52	New Hampshire	1,337	1,942	-31.2%	102.1
	United States	1,244,525	1,247,242	-0.2%	387.88

*Motor Vehicle Theft Rate Per 100,000 Inhabitants

Information obtained from the U.S. Department of Justice Federal Bureau of Investigation 2005 Uniform Crime Report



Motor Vehicle Theft by State

Comparison 2004/2005
Ranked by **Total Vehicle Thefts** for Calendar Year 2004 to 2005

RANK	STATE	TOTAL # in 2005	TOTAL # in 2004	% CHANGE	*RATE/100,000
1	California	257,543	252,604	2.0%	712.8
2	Texas	93,423	94,077	-0.7%	408.7
3	Florida	75,303	78,325	-3.9%	423.3
4	 Arizona	54,905	55,306	-0.7%	924.4
5	Washington	49,287	43,233	14.0%	783.9
6	Michigan	48,223	50,555	-4.6%	476.5
7	Georgia	44,477	44,238	0.5%	490.2
8	Ohio	41,379	40,853	1.3%	360.9
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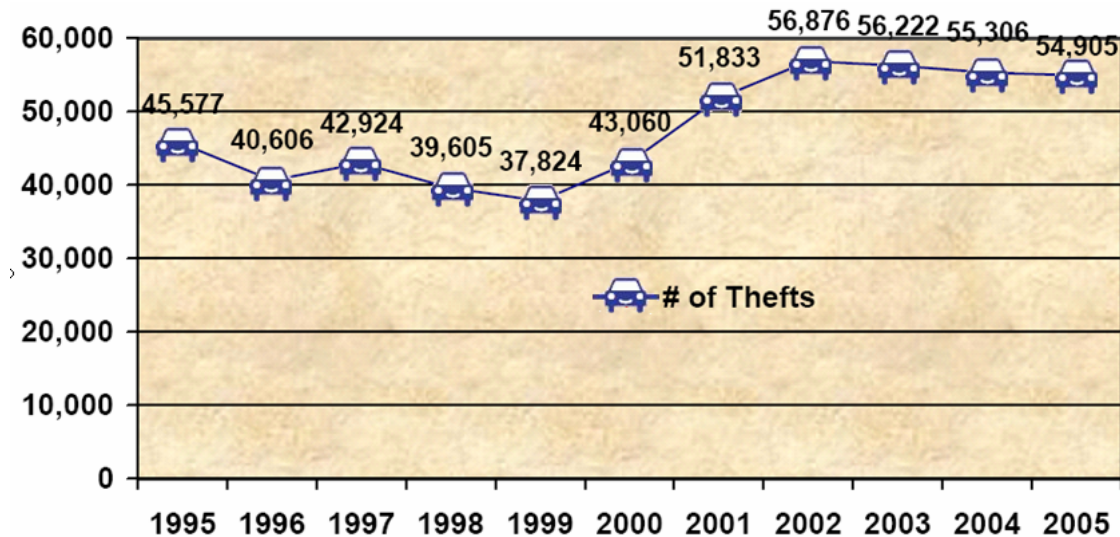
Information obtained from the U.S. Department of Justice Federal Bureau of Investigation 2005 Uniform Crime Report

As of June 30, 2005, the Motor Vehicle Division (MVD) reported that there were 5,945,131 vehicles registered in Arizona. With 54,905 vehicles reported stolen, according to the 2005 FBI Uniform Crime Report, this equates to about 1% of the total number of vehicles registered in Arizona.

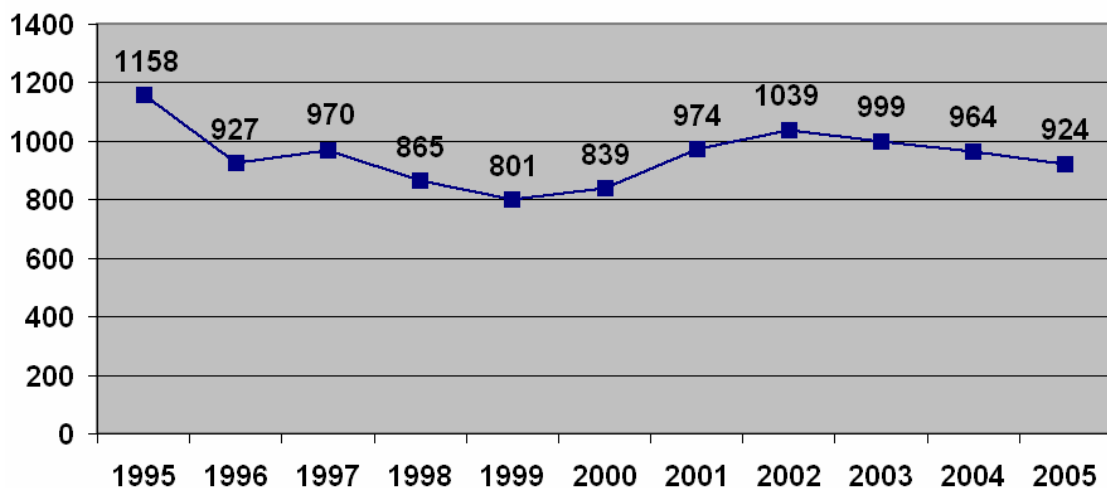
Vehicle theft continues to be a challenge for Arizona, and current statistics continue to reinforce the importance of a coordinated effort to effectively deter, investigate, prosecute as well as educate the public on vehicle theft prevention strategies.

Arizona Vehicle Theft Trends

*Total Vehicle Thefts: 1995-2005



*Vehicle Theft Rates: 1995-2005



*Note: Numbers/values used in the above graphs reflect information contained in the 2005 FBI Uniform Crime Report

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 six-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 prosecute auto theft criminals.

In fiscal year 2006, 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 fiscal year 2006, the AATA also expanded its grant funding allocations towards local law enforcement activities, professional training, prosecution and public awareness programs. The AATA approved grants of more than \$1.1 million to law enforcement and criminal justice agencies throughout Arizona as part of the Law Enforcement, Professional Training, Public Awareness, and Vertical Prosecution Programs.

The AATA hosted its 4th Annual Summit on Vehicle Theft on May 11, 2006 in Phoenix. The Summit was attended by over 200 attendees from statewide law enforcement and criminal justice agencies as well as several representatives from the insurance industry and the Arizona Department of Insurance. Also in attendance were out-of-state guests from California, Illinois, Texas, Virginia and Canada. Summit presenters provided valuable information on auto theft related topics, including the Arizona/Mexico Border, ID Theft and Methamphetamine Abuse, Arizona's License Plate Reader Project and the Trucking Industry's current theft trends. The AATA also recognized its award recipients during a luncheon at the Summit. Several exhibitors attended to display and distribute product information to Summit attendees.

The AATA has continued its partnership-mailing project with the Motor Vehicle Division, which was originally launched in 2003. This project includes providing 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 2007, and has contributed successful results.

From January 2006 - October 2006, the AATA received over 8,000 Watch Your Car enrollments as a result of this program.

In September 2006, the AATA mailed 250 Customer Satisfaction surveys to a random sampling of current Watch Your Car Program members. The AATA received 114 completed surveys (45.6% return rate) and the responses have been tabulated. (See Figure 2)

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

An overwhelming 69.3% of the respondents enrolled in the Watch Your Car program via the MVD mailer piece sent with their registration renewal tag. A significant number of people (14.91%) applied for the Watch Your Car program by participating in law enforcement/AATA vehicle theft prevention events in their community. Another 4.39% of the members enrolled in the program through the Pay Check Inserts project developed by the AATA for government employees. The AATA was pleased to learn that more than 11% of the respondents enrolled via the AATA website by completing an on-line application form. This is the easiest method of enrollment in this program and will continue to be actively promoted by the AATA. (See Figure 1)

Almost 70% of the respondents learned about the Watch Your Car program from the Motor Vehicle Division (MVD) partnership mailing. More than 3.5% of the respondents learned about AATA and the Watch Your Car Program from mailing advertising/pay check inserts. An additional 6.14% learned of the program from either a law enforcement 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 87%) did not request assistance at the time they enrolled in the program. This may be an indication that the on-line, electronic and hard copy Watch Your Car Program enrollment forms are user friendly to follow and do not require any further clarification. (See Figure 4)

Almost all respondents (99.13%) agreed or strongly 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)

More than 95% of the respondents indicated they had not attended an AATA or other theft prevention event recently, with over 4.3% indicating they had. (See Figure 7)

More than 17% of the respondents have had a vehicle stolen in the State of Arizona. The remaining 82% indicated they had not. (See Figure 8)

Regarding demographics, about 76% of the respondents were age 60 and over. Roughly 18% were between 41-59 years of age. More than 5% of the respondents were age 26-40, and 0% of respondents 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 looks 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?

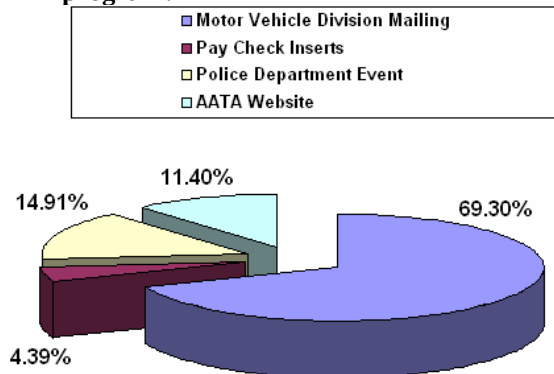


Figure 1

How did you hear about the Watch Your Car Program?

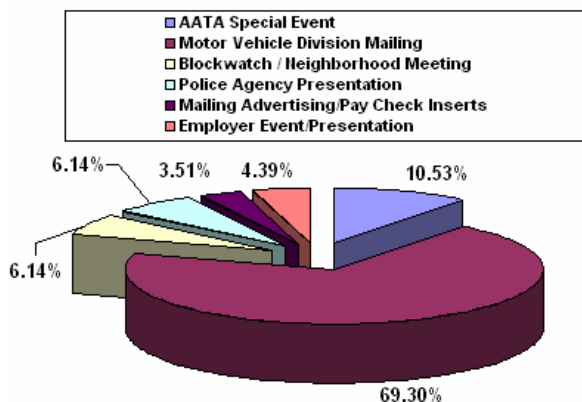


Figure 3

Are you satisfied with the Watch Your Car Program?

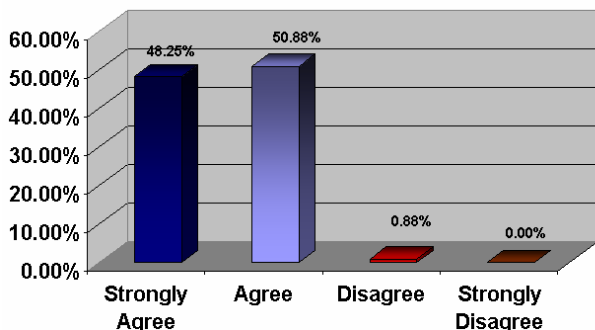


Figure 5

Percent Responding

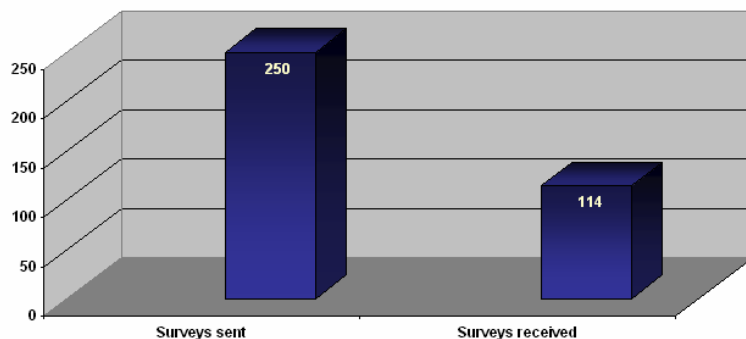


Figure 2

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

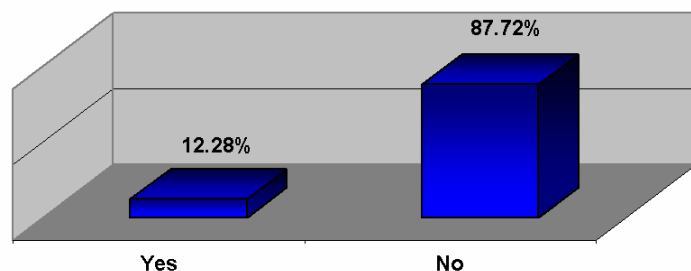


Figure 4

Was staff readily available to assist you?

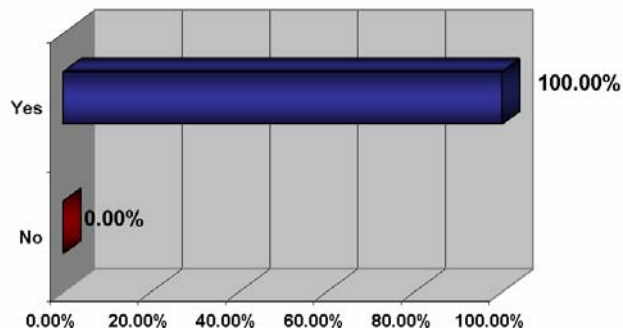


Figure 6

Have you attended an AATA or other theft prevention event recently?

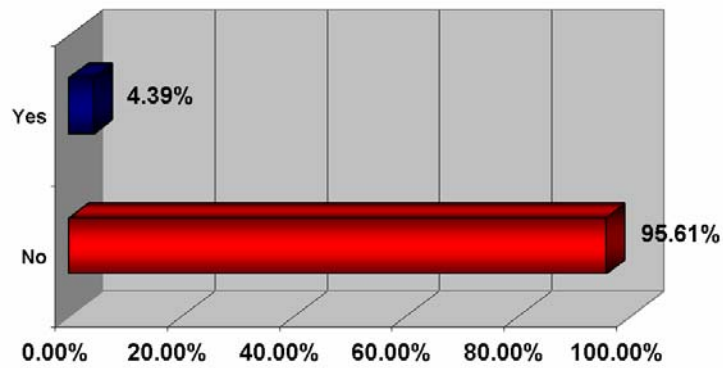


Figure 7

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

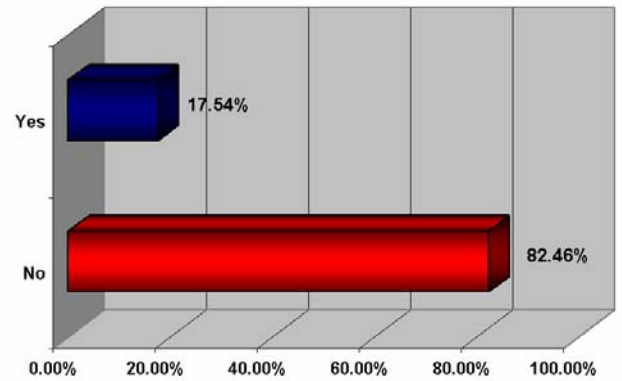


Figure 8

What is your age range?

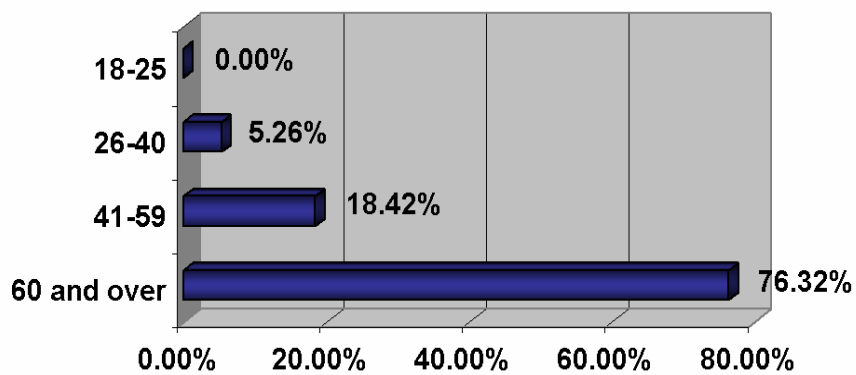


Figure 9

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

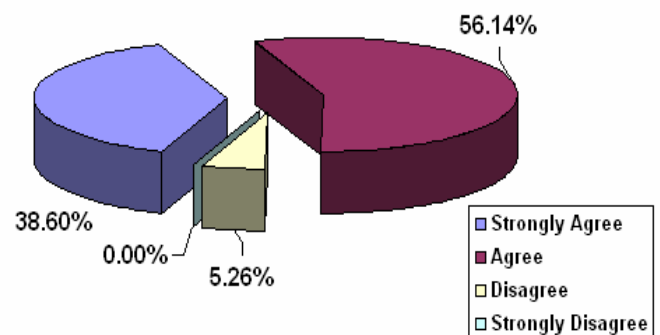


Figure 10

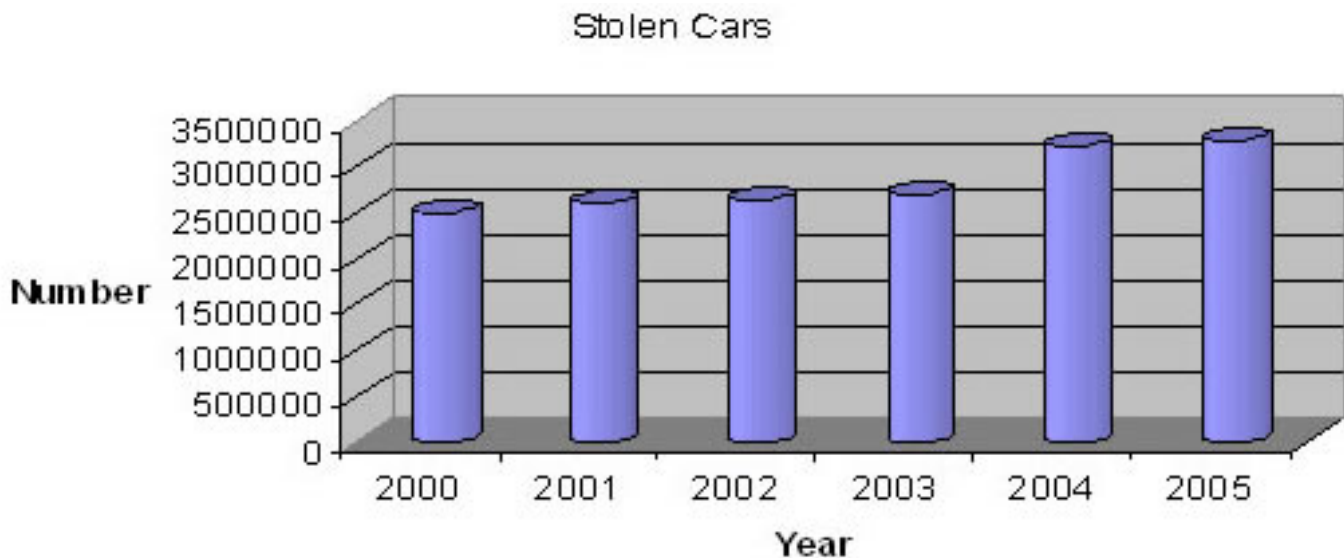
Summary continued

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 residential and commercial burglaries, robberies, ID theft, illegal drug and human smuggling activities and drive-by-shootings. 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

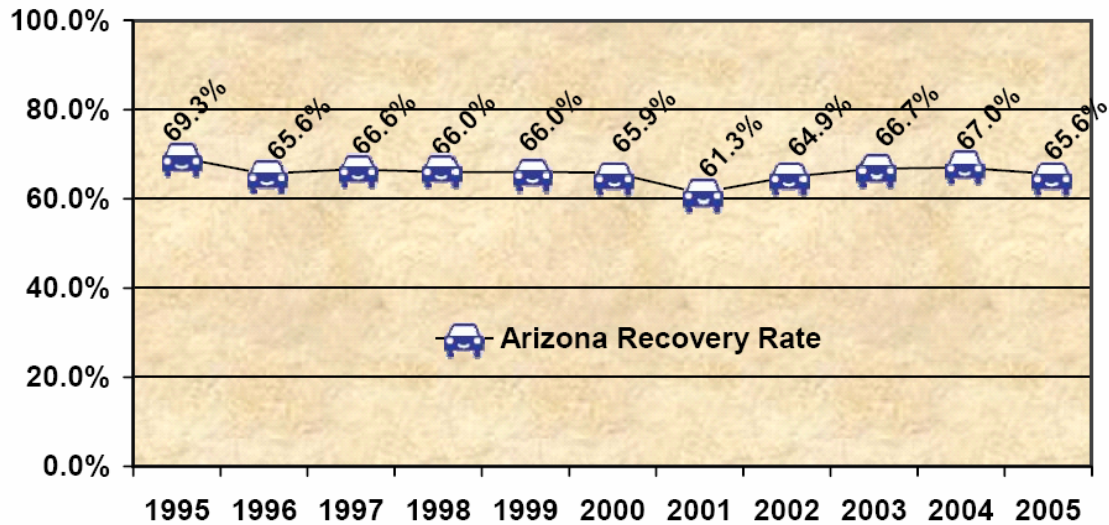
sell them to unsuspecting buyers. The “VIN” is the vehicle identification number and is unique to only one vehicle. Vehicles are also stolen and smuggled out of the country. Stolen vehicles from the U.S. and other affluent countries end up in Asia, Eastern Europe, the Middle East, Mexico, Central and South America. The moderate 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 2005*



*Reported to INTERPOL

Arizona Vehicle Theft Trends Recovery Rate: 1995 - 2005



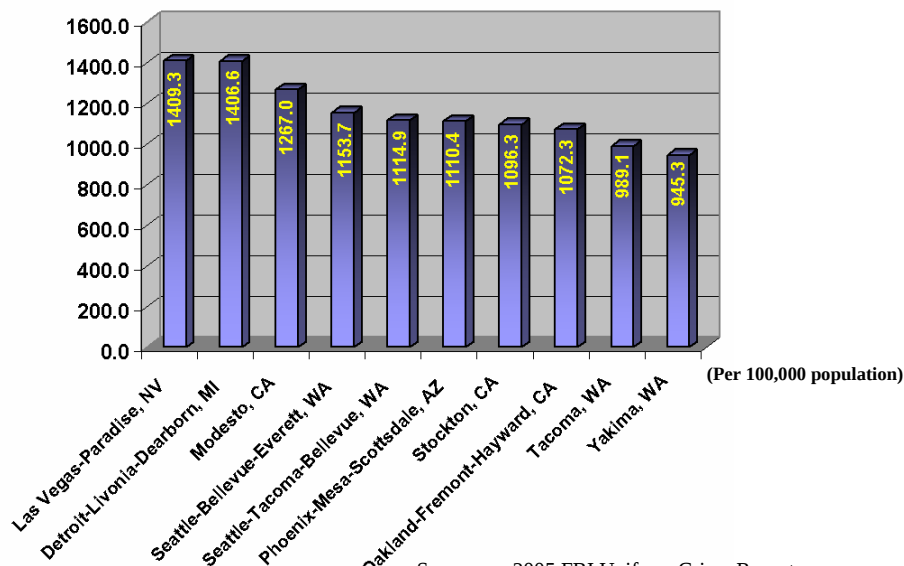
There are a number of reasons that contribute to the vehicle theft problem in Arizona. Arizona has experienced a dramatic population increase over the past 20 to 25 years. There is a rather transient nature of our population, with many people living in multi-family housing units, such as apartments, 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 2005, most of the leading MSA's vehicle theft rates were in the western United States. Three of the top ten were in California. Phoenix fell from number five to number six and Tucson dropped out of the top ten altogether.

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's missing.

National Vehicle Theft Trends Vehicle Theft Rates 2005: Leading MSA's*



Source: 2005 FBI Uniform Crime Report

*MSA's – Metropolitan Statistical Area (encompasses multiple jurisdictions)

Each of the three strategic initiatives 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 2006 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 2006, the AATA awarded nearly \$178,314 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 protect vehicles. Grant agencies are required to submit quarterly performance reports to the AATA on their public awareness and community education efforts. During fiscal year 2006, these agencies participated in 500 public awareness events and meetings, VIN etched over 10,000 vehicles, and conducted on-going law enforcement personnel training within their agencies.

On February 28, 2006, the AATA hosted an Auto Theft Prevention Day at the Arizona State Capitol. The event was well attended by the AATA's law enforcement, criminal justice, insurance, and legislative partners and featured a vehicle dismantling demonstration by the Allstate Dismantling Team. A 2003 F350 Pickup Truck was dismantled in approximately 11 minutes, which illustrated the fact that many vehicles are stolen and stripped for the value of their parts.

On March 4, 2006, the AATA, in partnership with the Gilbert Police Department and statewide law enforcement agencies hosted the First Annual Statewide Vehicle Theft Prevention Day. Over 30 agencies participated throughout the state by hosting auto theft prevention and/or free Vehicle Identification Number (VIN) etching events in an effort to increase awareness about theft prevention.

In 2006, the AATA partnered with the Arizona Multihousing Association to participate in the Project S.A.F.E (Safety Awareness Family Education) program at statewide multi-family communities. The AATA provided vehicle theft prevention presentations to residents at these communities.

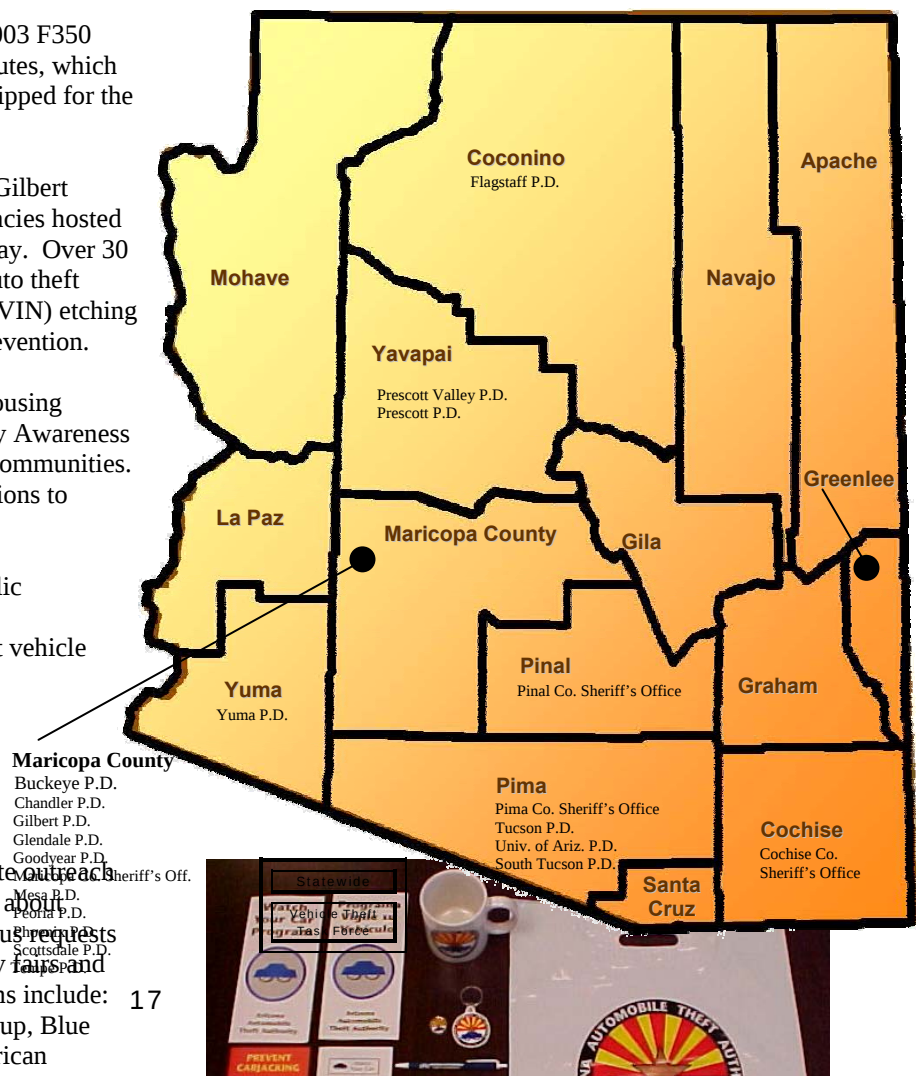
During 2006, the AATA continued promotion of a public service announcement (PSA) highlighting the Bait Vehicle Program. The PSA features two convicted bait vehicle thieves, which serves to warn the public, specifically any would-be-thieves, of the existence of this program. In addition, the "Stop the Fast Break to Auto Theft" PSA, featuring Al McCoy and developed in partnership with the Tempe Police Department, was distributed and promoted. These PSA's can all be downloaded from the AATA's website. Since March 2004, the AATA has 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), Bank One, Bedford Group, Blue Cross and Blue Shield, Collins College, SW Gas, American

The AATA continues to promote our Youth Prevention Programs for middle school ("A Ride For Life: The Consequences of Auto Theft") and high school ("Park Smart New Driver") students. The AATA is in partnership with school districts and School Resource Officers to distribute and present these programs.

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 32 million media impressions throughout the state.

In 2006, the AATA continued its partnerships with the Motor Vehicle Division Service Centers, AAA Arizona Travel Offices, Apartment Community and 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.

AATA 2006/2007 Public Awareness Grant Recipients





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.

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 2006, the AATA continued its expansion of the 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 2006, it is estimated over 25,000 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 2006:

[Neighborhood Safety Fairs and Blockwatch Meetings](#)

[Law Enforcement Sponsored Safety Fairs](#)

[Corporate Employee Health/Safety Fairs and Presentations](#)

[Shopping Mall Crime Prevention Events](#)

[Senior Center and Retirement Community Presentations](#)

[Insurance Company Sponsored Vehicle Theft Prevention Fairs with Free VIN Etching](#)



Arizona State Capitol Event – Allstate Dismantling Team demonstration.

[Getting Arizona Involved in Neighborhoods \(GAIN\) Events](#)

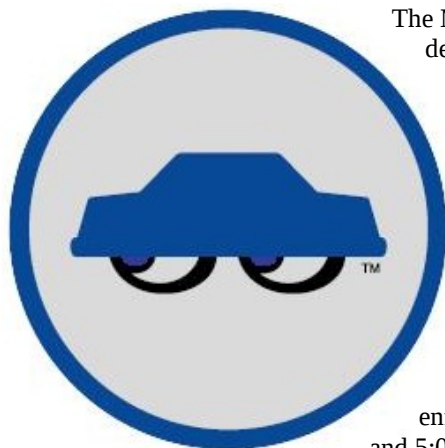
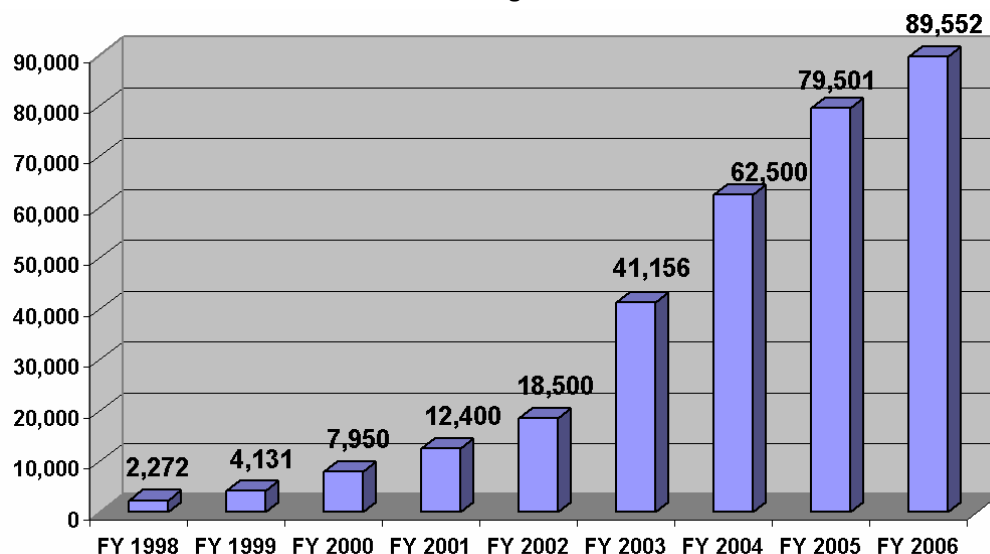
[State University and Community College Events](#)

[AARP's 55 Alive Driver's Education Classes and Town Hall Meetings](#)

[Civic Group Presentations](#)

Watch Your Car Program Enrollments 1998 - 2006

Watch Your Car Program Active Enrollments



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 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.

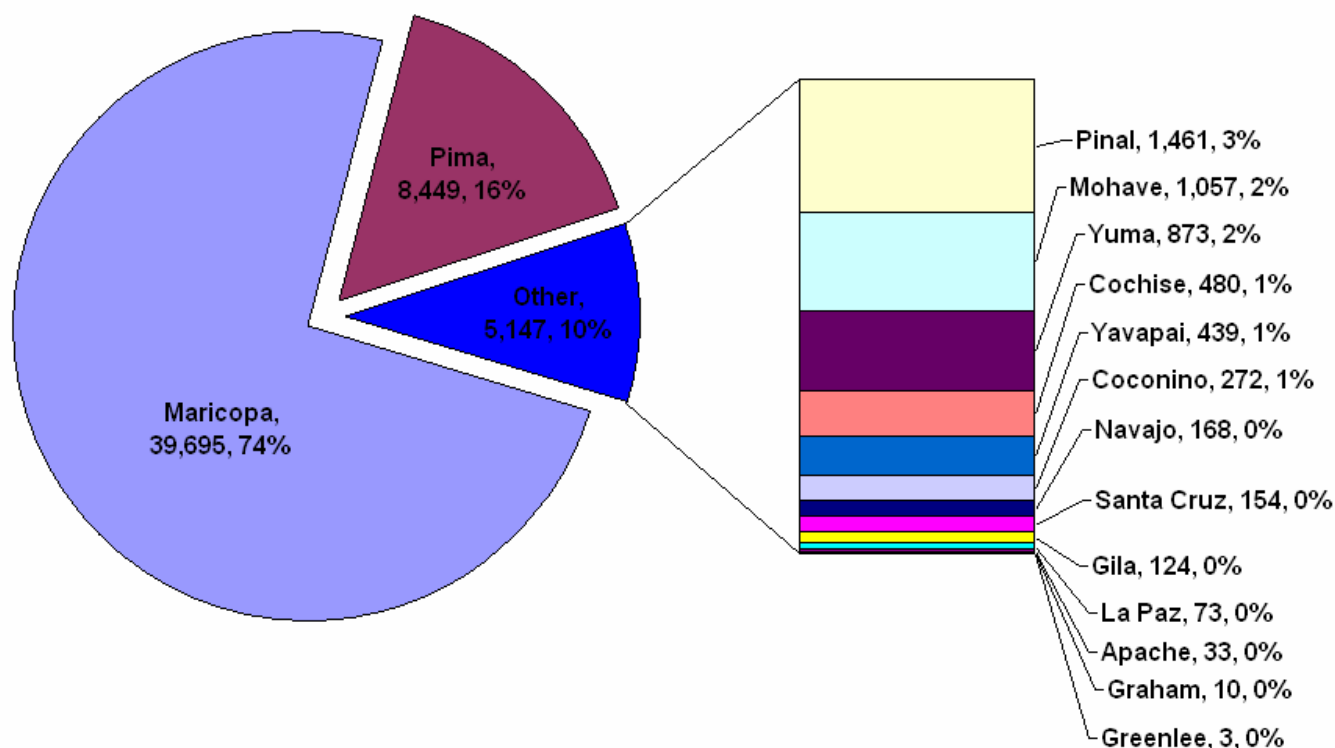
To promote the Watch Your Car program and other comprehensive vehicle theft prevention tips, the AATA partners with criminal justice agencies throughout the State, participates in auto theft prevention events and safety fairs as well as homeowners association and Blockwatch meetings. Information displays 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 2006, the AATA had over 89,000 vehicles enrolled in the Watch Your Car program, which is more than 12% increase in enrollments from fiscal year 2005. The AATA anticipates a continued increase in Watch Your Car enrollments in fiscal year 2006.

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.

*2005 Arizona Vehicle Thefts By County



*Source: Arizona Department of Public Safety - Crime in Arizona 2005

In FY 2006, 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.

and funded through the AATA's Vertical Prosecution Program.

Professional Training Grants

The Professional Training Grants are awarded to law enforcement and prosecutorial agencies to promote professional training and

Generally 70% to 75% of vehicle thefts occur in Maricopa County; with 15% to 20% occurring in Pima County and 5% to 10% occurring in the remaining 13 Arizona counties (refer to chart on page 19). Since the overwhelming majority of vehicle thefts occur in Maricopa and Pima Counties, most of the Task Force's resources

special agents, MVD investigators and border liaison personnel) are funded by the AATA grant.

The Task Force serves as a statewide resource for the investigation of property crimes involving vehicles, related components and

Arizona Vehicle Theft Task Force

Return On Funding



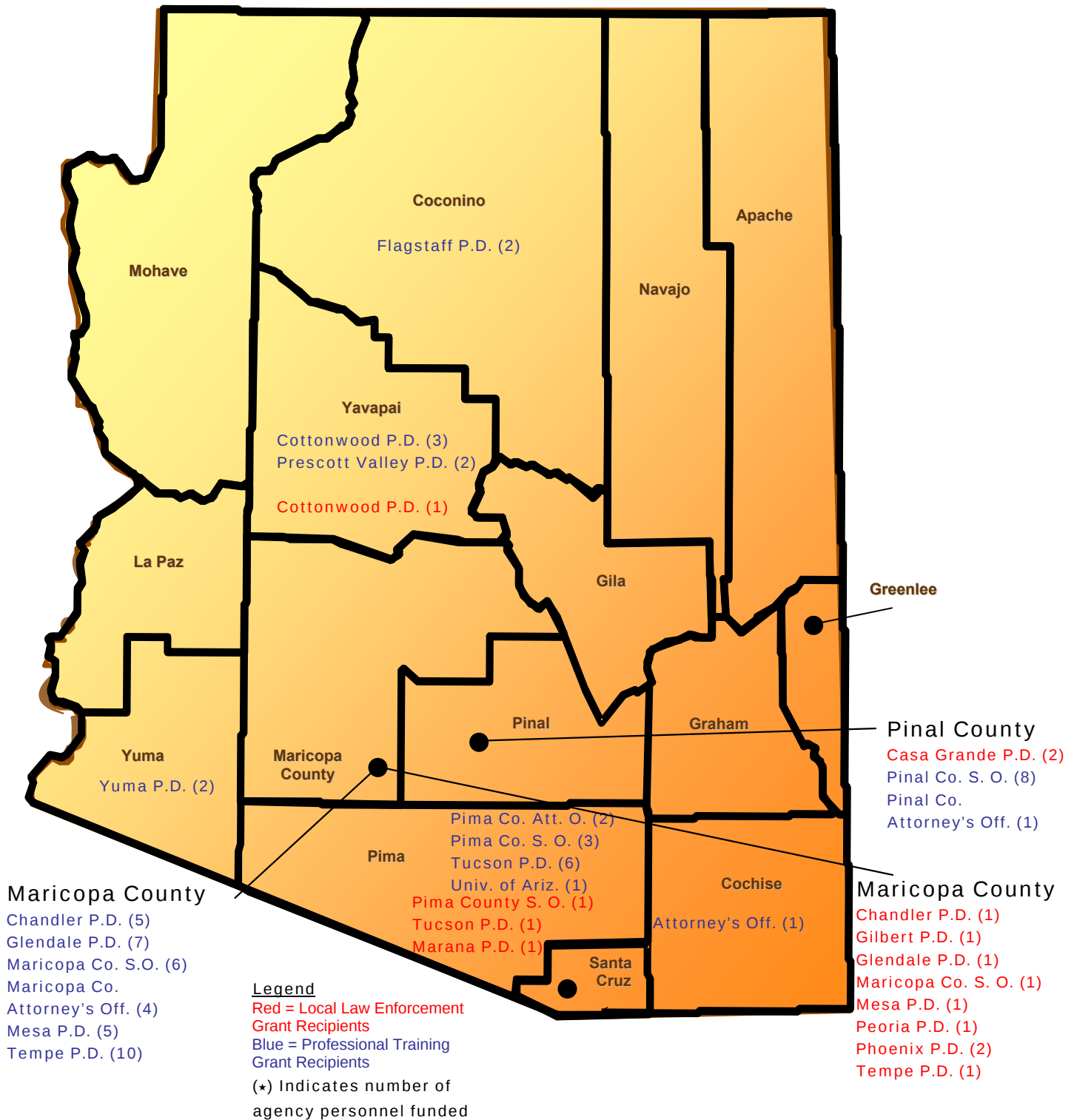
For every dollar that the AATA has funded, the Arizona Vehicle Theft Task Force has recovered more than **\$12.37** in stolen property for the citizens of Arizona.

**Based on Kelly Blue Book Values.*

2006 Task Force Performance Measures

Task Force Positions Funded	42
Stolen Vehicles Recovered	2,707
Value of Vehicles Recovered (mil.)	\$28.1
Felony Arrests	303
Chops Shops Investigated	41
Insurance Fraud Cases Investigated	29
Assistance to Other Agencies	1.289
Return On Investment	\$12.37

AATA 2006/2007 Law Enforcement & Professional Training Grant Recipients



AATA Recognizes 2005 Award Recipients

The AATA's outstanding law enforcement, government and private sector partners were honored at an awards ceremony luncheon as part of the 4th 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. Dean Butler, AATA Board Vice-Chairman presented the awards.



Detective Dennis Thomas, Mesa Police Department, 2005 Auto Theft Detective of the Year.



Officer Dave Goitia, Glendale Police Department, 2005 Patrol Officer of the Year.



Officer Paul Sipe, Mesa Police Department, 2005 Patrol Officer of the Year.



Officer Neil Brooks, Arizona Department of Public Safety, Honorable Mention for 2005 Patrol Officer of the Year.



Officer Sean Coutts, Phoenix Police Department, Honorable Mention for 2005 Patrol Officer of the Year.



Mr. Brian Salata, Pinal County Attorney's Office, 2005 Vertical Prosecutor of the Year.



Detective Charles Knapp, Arizona Vehicle Theft Task Force, 2005 Task Force Officer of the Year.



Ms. Nicole Tankersley, Mesa Police Department, 2005 Crime Prevention Specialist of the Year.



Detective Bernie Castillo, Arizona Vehicle Theft Task Force, 2005 Watch Your Car Special Recognition.



Mr. Mel Kowal, Paradise Valley Police Department, 2005 Watch Your Car Special Recognition.



Mr. Ruben Chavez and Mr. Paul Palmer, Arizona Department of Public Safety, 2005 Special Recognition.



Arizona Vehicle Theft Task Force, 2005 Law Enforcement Unit of the Year.



Glendale Police Department, Crime Prevention Unit, 2005 Public Awareness & Community Education Unit of the Year.



State Farm Insurance Company, 2005 Private Sector Partner of the Year.



Summit Registration Volunteers—Suzanne Wolf, Nancy Temporado, Kathy Groenewold.

Financial Report

For the Year Ended June 30, 2006

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, 2006 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, 2006 were \$ 4,485,604. 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 five fiscal years, the Authority worked with insurers to correct this error and collect past due assessments. As the graph on page 28 indicates, the revenue correction has been completed.

All excess cash is invested with the State Treasurer and the Authority earned \$42,952 investment income in the current year. The increase of \$6,546 from \$36,406 in the prior year resulted from higher rates of return in the current year due to market trends even though the cash and investment balance declined by \$407,132.

Expenditures

Total expenditures for the current year were \$4,981,710 an increase of \$424,096 from the total expenditures from the previous year of \$4,557,614.

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, 2006, the Authority was in compliance with this statute with "costs of administration" being 6.9%, of "the monies in the fund" as verified by the audit. The AATA's administrative costs for the current fiscal year ended June 30, 2006 were 6.3% of total expenditures.

The AATA ended the year with cash and investments with the State Treasurer of \$720,561.

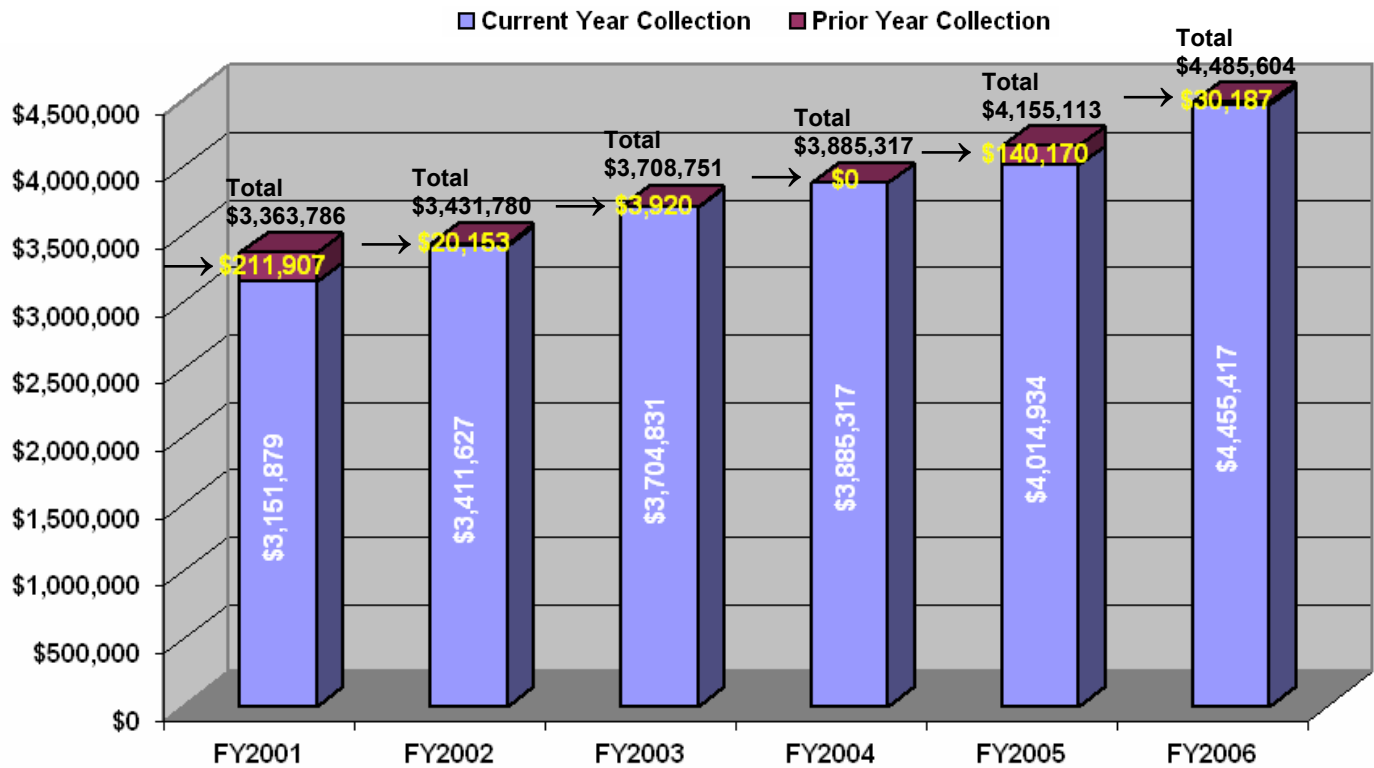
Revenue Forecast

Revenue from the Insurance Assessment has continued to grow each year for the last six 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. Continued review by staff to verify that the companies are paying the assessment 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, 2006

	June 30. 2005	June 30. 2006
Revenue		
Current Year Collections	4,014,934	4,455,417
Prior Year Collections	140,179	30,187
Auto Theft Summit	8,150	5,775
Investment Income	36,406	42,952
Grants	1,000	1,500
Other	5,253	20,627
Total cash Collections	4,205,922	4,556,458
Revenue Accrued at June 30th	194,578	154,376
Total Revenue	4,400,500	4,710,834
Expenditure by Program		
Administrative Costs (1,2)	325,483	313,613
Arizona Vehicle Theft Task Force Grant	2,900,000	3,251,600
Vertical Prosecution Program	570,028	650,807
Public Awareness	224,623	291,499
Public Awareness Grant Program	214,180	183,951
Arizona BATIC Center	25,758	-
Law Enforcement Grant Program	222,488	236,991
Professional Training Grant Program	46,663	48,077
Special Grants	20,241	-
Auto Theft Summit	8,150	5,172
Total Expenditures (3)	4,557,614	4,981,710
Excess of revenues over expenditures	(157,114)	(270,876)
Beginning Fund Balance (4,5)	3,431,305	3,274,191
Ending Fund Balance (4,5)	3,274,191	3,003,315
Footnotes		
1. Administrative Costs as a percentage of cash collections	7.4%	6.9%
2. Administrative Costs as a percentage of total expenditures	7.1%	6.3%
3. Actual expenditures by category per audited financial statements		
Appropriated Current Operating Expenses		
Personal Services	261,177	265,322
Employee related expenses	72,354	80,822
Professional services	31,551	24,843
Travel-in-State	5,160	2,708
Travel-out-State	6,873	9,152
Aid to Organizations	3,999,358	4,380,333
Other Operating	162,105	196,071
Non-capital equipment	9,886	17,287
Total Expenditures	4,548,464	4,976,538
Non-appropriated Expenses		
Watch Your Car Grants	1,000	
Auto Theft Summit	8,150	5,172
Total non-appropriated expenditures	9,150	5,172
Total	4,556,614	4,981,710
4. Fund balance includes accrued income as per the audited financial statements		
5. Cash invested with the State Treasurer as of June 30th		
6. Report based on audited financial statements		

Impact of Motor Vehicle Theft Prevention Programs on Vehicle Insurance Costs

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 or replacement. In addition, comprehensive insurance covers your vehicle if it is damaged by fire, wind, hail or collisions with animals.

For those Arizona consumers who purchase "full coverage" vehicle insurance, comprehensive coverage represents between 15 and 20 percent of their total premium, according to the Arizona Insurance Information Association.

The efforts of the AATA in implementing innovative theft-prevention awareness programs, coupled with its commitment to investigations and aggressive prosecutions of vehicle thieves, has played a significant role in stabilizing comprehensive insurance rates in Arizona.

Future of the AATA

In 2007, the AATA will continue to focus on its bold mission to address the epidemic problem of vehicle theft. The Agency is experiencing 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 expects will result in a continued reduction in vehicle theft in Arizona.

The Authority will continue to expand cooperative efforts with other governmental agencies in Arizona and other states, Federal Government, Mexico and Canada, including other auto theft prevention authorities, to combat vehicle theft. These efforts will include:

1. Continue to focus the Authority's resources on criminal justice agencies within the State of Arizona to develop effective law enforcement and prosecutorial programs to combat vehicle theft.
2. Continue to evaluate and seek support for deploying both fixed and mobile license plate reading cameras to aid in interdicting stolen vehicles.
3. Continue partnership with the Motor Vehicle Division to disseminate vehicle theft prevention and Watch Your Car enrollment information in registration renewals.
4. Cooperation with the State of Sonora, Mexico and to deter exportation of stolen vehicles.
5. Work with neighboring states to develop regional projects to combat vehicle theft.
6. Expand cooperative efforts with auto theft authorities in other states to promote cooperative efforts on a national level.

7. Petition automobile manufacturers and the Federal government to improve vehicles theft technology, making it more difficult to steal and or provide enhanced recovery efforts by supporting component parts marking.

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 collaborative approach with law enforcement officials in Mexico to effectively resolve this issue. 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 2007, 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.



Gilbert Police Department, Bait Car Billboard Campaign

In addition, the AATA will continue to 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 2007, the AATA will continue 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 2005. The AATA and MVD will continue this mailing partnership through fiscal year 2006, with enrollments projected to reach an excess of 100,000 by June 30, 2006. 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.

The AATA will continue to provide grant funding to Arizona law enforcement agencies to implement and/or expand bait car programs, which continue to demonstrate significant theft reduction results.

In 2007, the AATA will once again partner with the Arizona Multihousing Association to participate in the Project S.A.F.E (Safety Awareness Family Education) program at statewide multi-family communities. The AATA will provide vehicle theft prevention presentations to residents at these communities.

Also in 2007, the AATA, in partnership with statewide law enforcement agencies will host the Second Annual Statewide Vehicle Theft Prevention Day on March 3, 2007.

In fiscal year 2007, the AATA will continue distribution of our two new 30-second PSA's highlighting the Bait Vehicle Program and our new auto theft prevention PSA featuring Al McCoy titled, "Stop The Fast Break To Auto Theft." The new auto theft prevention PSA is available for TV and Radio and may also be viewed and downloaded from the AATA's website. The Agency is hopeful that statewide media companies will make commitments to donate air-time, including prime time, to support these PSA's.

The AATA is continuing its distribution of the youth prevention curricula programs for middle school and high school students in Arizona and will be evaluating the effectiveness of the program.

During fiscal year 2007, the AATA will continue its efforts to reduce its administrative costs and maximize resources through cost saving 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 AATA website by AATA staff, at a cost-savings of nearly \$3,000.

In August 2007, the International Association of Auto Theft Investigators (IAATI), AZ. Auto Theft Authority, AZ. Department of Public Safety, and the AZ. Auto Theft Investigators Association (AATIA) will host the 2007 IAATI 55th Annual Training Seminar at the Wigwam Resort in west Phoenix. Approximately 300 attendees from the United States, Canada, and other parts of the World will attend this five-day conference.

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.

Sergeant David Azuelo, Arizona Vehicle Theft Task Force/Tucson Police Department
Nancy Beck, Arizona Attorney General's Office
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Tim Black, Arizona Attorney General's Office
John Blackburn, Jr. Executive Director, Arizona Criminal Justice Commission
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Bryan Corder, Allstate Insurance Company
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Suzanne Wolf, AATA Volunteer

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Thank you to the private sector and community partners that help support our Annual Summit on Vehicle Theft through financial and in-kind donations.

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