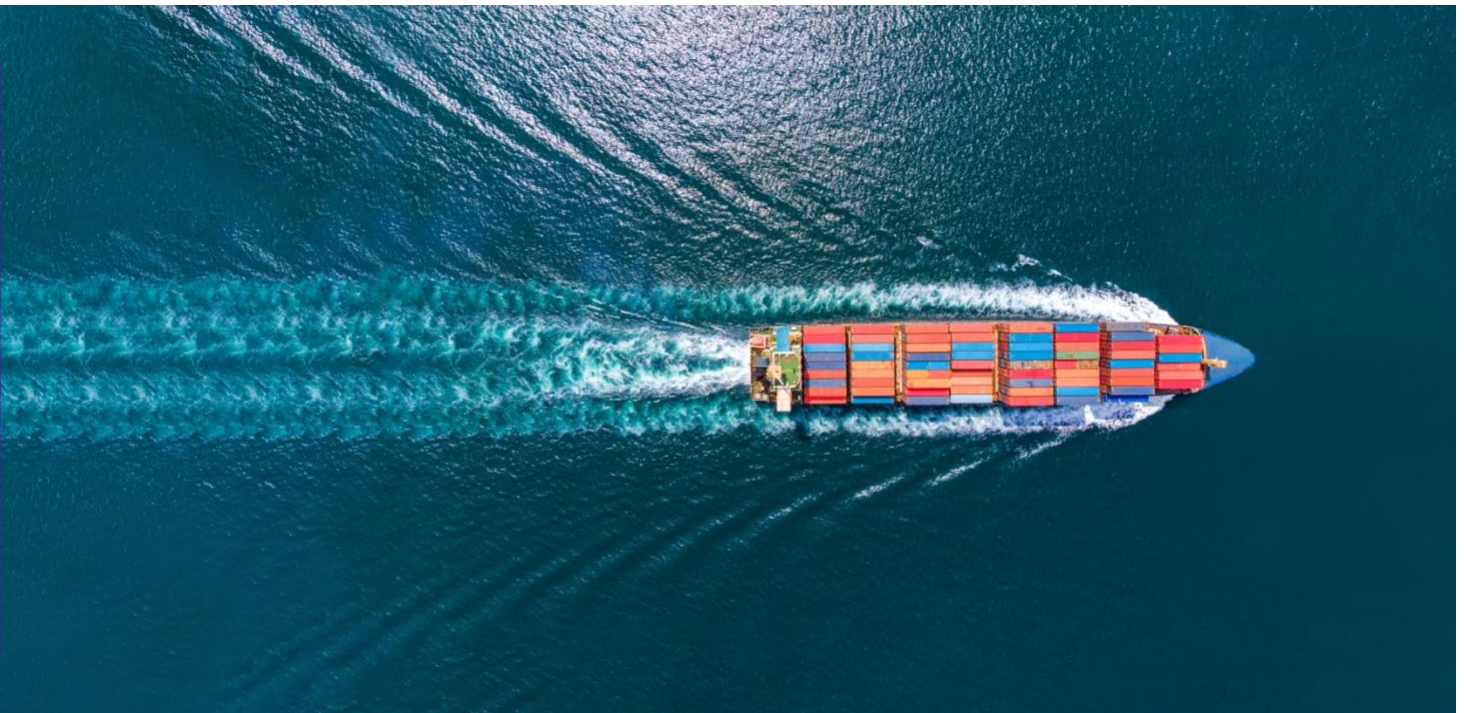


ILLEGAL EXPORTS

Addressing the Problem of Exported Stolen Vehicles



Brian Osler
May 2023

Commissioned by the Canadian Finance & Leasing Association | Association canadienne de
financement et de location

Table of Contents

02 EXECUTIVE SUMMARY

04 VEHICLE THEFT - ISSUE BACKGROUND

06 VEHICLE THEFT – EFFORTS TO TACKLE THE PROBLEM

07 EXPORT OF STOLEN VEHICLES

12 RECOMMENDATIONS

19 FINAL THOUGHTS

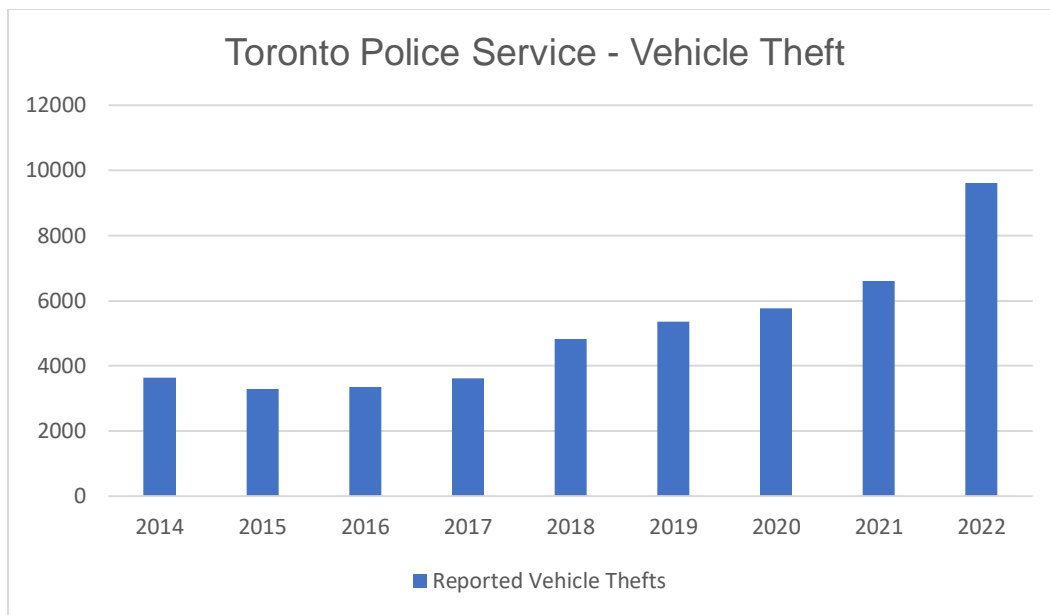
20 REFERENCES

Executive Summary

THE PROBLEM OF VEHICLE THEFT

Vehicle theft is a high-profile crime that imposes an enormous financial and social burden on society. A vehicle is stolen every 6 minutes in Canada, often by organized crime.¹ Vehicle theft is a billion-dollar per-year problem for Canadians.²

Over time, these sophisticated offences have become more prevalent and international in scope. Toronto Police Service reported 9,606 vehicle thefts within the city in 2022, approximately 300 percent higher than the 3,284 thefts reported in 2015. In each of the past seven years, vehicle theft rates in Toronto have become progressively worse.³



This phenomenon is not limited to Canada’s biggest city. Vehicle theft rates are increasing across the entire country.⁴ In 2019, 17 other metropolitan areas in Canada reported higher per capita vehicle theft rates than Toronto.⁵ There is no single solution to vehicle theft because it is a multi-dimensional and jurisdictional problem. Solutions require leadership in bringing together the

¹ [Insurance Bureau of Canada](#)

² [Gabor, Thomas, Costs of Crime and Criminal Justice Responses, Public Safety Canada, 2016](#)

³ [Toronto Police Service Crime Statistics - Auto Theft](#)

⁴ [Number of motor vehicle thefts in Canada in 2021, by province or territory, Statistics Canada](#)

⁵ [Rate of motor vehicle thefts in Canada in 2019, by metro area, Statistics Canada](#)

Industry Intelligence

multitude of interests and authorities needed. Vehicle theft will continue exacerbating without coordinated multi-jurisdiction initiatives involving public and private stakeholders.

Vehicles are stolen in various ways. Vehicle theft can occur as a crime of opportunity. A vehicle could be left running on a driveway and stolen before the owner gets into it on a cold winter morning. Vehicles can be stolen using more sophisticated methods by remotely copying the settings of an electronic key fob and overriding the vehicle's onboard diagnostic system.

Once stolen, criminals profit in a variety of ways. Stolen vehicles can be chopped into parts. They can be fitted with new vehicle identification numbers, a practice known as reVINing, and sold to unsuspecting consumers.

Recommendations

To this end, the following strategies are recommended for immediate implementation:

1. Public education program for theft prevention
2. Re-establish Provincial Auto Theft Teams
3. Protocols for reporting financed vehicles exported through identity theft
4. Reduced insurance rates for installation of theft deterrent devices

The following recommendations are suggested with a more extended outlook:

1. Remote VIN plate verification systems
2. Cost-benefit analysis for container imaging machines
3. Permanent office to coordinate vehicle theft programs
4. Academic partnerships for vehicle theft prevention
5. Manufacturer initiatives

The following measures are recommended for long-term implementation:

1. Coordinated national system for vehicle registrations and liens
2. Establish verification partnerships for VIN registrations
3. Electronic NVIS

Vehicle theft has done more than persist. It has become more prevalent as organized crime has taken advantage of technological advances and gaps in law enforcement and vehicle registration jurisdictions to earn lucrative profits. These problems can be overcome, but it will take leadership to drive a committed and coordinated effort by all stakeholders. Implementation of these recommendations will prevent vehicles from being stolen, assist police and customs investigations, and reduce profit opportunities for organized crime.

Vehicle Theft

ISSUE BACKGROUND

Vehicle theft is a substantial problem that impacts government, police services, insurers, businesses, and private citizens. This problem carries significant financial costs and affects human safety. Initiatives to address vehicle theft in Canada have been superseded by sophisticated methods used by criminals to circumvent detection and arrest for these crimes.

Vehicle theft has unfortunately reverted to being on the upswing in Canada. Historically, theft rates peaked in the early 2000s. Following inroads through stakeholder collaboration and improvements in anti-theft technology, vehicle theft rates began to fall. Manufacturers installed immobilization systems and developed other technological advances, making vehicles more complex to steal. Initiatives that followed from stakeholder cooperation, such as the creation of the Provincial Auto Theft Teams, impacted addressing this crime.

Stakeholder priorities and resourcing shifted when theft rates dropped. Eventually, criminals figured out how to overcome technological advances in anti-theft devices. Push-button ignition starters have created new opportunities to steal vehicles in minutes. Sophisticated international crime rings have moved into vehicle theft because of the profit potential. Their attraction to this crime is magnified when combined with export because removing stolen vehicles from Canada reduces the likelihood of detection.

Vehicle theft often has a component of violence. Carjackings are increasingly common, particularly in urban settings, and pose a severe threat to the life and safety of Canadians.

In a generation, the arena in which vehicle theft occurs has taken on a different character. In 1990, 90 percent of all vehicles stolen in Ontario were recovered. Recovery rates have since fallen closer to half.⁶ This crime imposes a billion-dollar cost on Canadians every year.

Unrecovered vehicles do not simply disappear – they are often exported to another country, where the vehicles remain outside the jurisdiction of Canadian authorities. Stolen vehicles that are never recovered are sometimes given a fake vehicle identification number and resold to unsuspecting consumers domestically or overseas or disassembled for parts.

Exact statistics on unrecovered vehicles are, given the circumstances, difficult to ascertain. Criminals do not report data on vehicles that they have stolen. There are no statistics that set out

⁶ [Evidence - JUST \(39-2\) - No. 6 - House of Commons of Canada, December 6, 2007](#)

Industry Intelligence

what portion of these vehicles are chopped for parts and how many are exported overseas. Criminals are becoming more sophisticated in their strategies to obtain stolen vehicles and the channels through which they sell them for profit. Based on the potential for large profits and the relative ease of removing vehicles from the country, it is accepted that vehicle export and use of falsified vehicle identification numbers account for the bulk of unrecovered stolen vehicles, while disassembly for parts represents a secondary channel. Still, there is no way to know with certainty.

The prevalence of organized crime involvement in vehicle theft is reflected in the vastly reduced recovery rates. Vehicles stolen for purposes other than profit, such as joyriding or transportation for use in other crimes, tend to be recovered by police. Exporting is a different story. Those vehicles are more likely to disappear forever.

The nature of organized crime has also evolved. The recent Cullen Report commissioned by the Attorney General of British Columbia found a direct connection between vehicle theft in Canada and transnational organized crime. The profits earned by organized crime through vehicle theft are used to finance tax evasion, money laundering, weapons, international narcotics trafficking and even terrorism. The people involved carry out their crimes using violence and extortion. Criminal gangs and international syndications are active within Canada.⁷

Canada has entered into agreements in response to the international evolution of vehicle theft and its growing sophistication. The International Convention for the Suppression of the Financing of Terrorism, adopted by the General Assembly of the United Nations is one such example. However, these measures are compromised by the dependence of Canadian policing authorities on foreign agencies for investigation and collection of evidence when stolen vehicles are exported and profits used for illegal purposes overseas.

Both domestically and internationally, criminal organizations have structured their operations to minimize detection. Instead of hierarchically structured organizations of the past, vehicle theft is commonly carried out by many smaller circles of networks and organizations working in collaboration. This evolution of structure has made it more difficult to gather intelligence and make inroads into the groups that are spearheading the most severe and profitable aspects of vehicle theft crimes.

⁷ [Dirty Money, An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General of British Columbia, Part 3, May 7, 2019](#)

Vehicle Theft

EFFORTS TO TACKLE THE PROBLEM

The Ontario Provincial Police established the Provincial Auto Theft Team when vehicle theft was last on the upswing. The Provincial Auto Theft Team was formed with a mandate to provide leadership, expertise, and coordination in vehicle theft investigations of organized crime. The Team partnered with most major Ontario police agencies, government regulatory authorities and the Insurance Bureau of Canada.

Over the years, various working groups and multi-jurisdictional partnerships have formed between police agencies and public and private sector stakeholders to address vehicle theft. These working groups and partnerships have, among others, included Project CEASE (Controlled Enforcement of Automobiles Stolen for Export) and Integrated Municipal Provincial Auto Crime Team (IMPACT) in British Columbia, Project CERVO (Control of the Exportation and Receiving of Stolen Vehicles Overseas) in Quebec, Halifax Auto Theft Team, Provincial Auto Theft Network, the National Committee to Reduce Auto Theft, Canadian Council of Motor Transport Administrators Anti-Auto Theft Project Group, the North American Export Committee and the International Association of Automobile Theft Investigators.

In 2010, the federal government passed the *Tackling Auto Theft and Property Crime Act* to create increased deterrents for vehicle theft and to facilitate the recovery of stolen vehicles.⁸ The legislation created a separate offence for theft of a motor vehicle and carried a mandatory prison sentence of six months for conviction of a third or subsequent offence when the prosecutor proceeded by indictment. The legislation established a new offence for altering, destroying or removing a vehicle identification number and enabled Canada Border Services Agency (CBSA) to detain suspected stolen property before export from Canada.⁹

⁸ [Legislation Tackling Auto Theft and Property Crime Act to Receive Royal Assent, News Release, Government of Canada, November 18, 2010](#)

⁹ [An Act to amend the Criminal Code \(auto theft and trafficking in property obtained by crime\) S.C. 2010, c. 14, Assented November 18, 2010](#)

Export of Stolen Vehicles

Notwithstanding these measures, vehicle theft continues to persist in Canada. It is getting worse, in part because of opportunities exploited by organized crime through the export market.

Canada's economy enjoys robust trade with other countries, with a long-established, thriving market for vehicle export. Canadian dealers export vehicles to markets in Asia, Europe, Africa, the Middle East, South America and across land within North America. Criminals take advantage of the Canadian export market to sell stolen vehicles because of the potential for high profits accompanied by a minimal risk of detection. By shipping stolen vehicles to overseas markets, organized crime groups sell vehicles at lucrative prices and benefit from complications when Canadian police investigations become dependent on the resolve and cooperation of foreign authorities.

THE VEHICLE EXPORT MARKET IS EXPLOITED BY ORGANIZED CRIME PRIMARILY IN THREE WAYS:

1. Identity theft on financed vehicles
2. ReVINing
3. Container export

1. IDENTITY THEFT ON FINANCED VEHICLES

One organized crime strategy to exploit the export market is identity fraud. Criminals often create fictitious identities or misappropriate identities of other individuals or companies to finance vehicles. They make payments for several months after taking possession of a vehicle. In the interim, they ship the vehicle overseas, where it is resold to a third party. When they have turned the vehicle into cash, financing payments are stopped.

Organized crime syndicates will even use the identities of recently deceased persons to steal someone else's identity to obtain possession of a vehicle for export. Other times, they create shell companies or misuse federal or provincial corporate registries to falsely change information about a company's address, directors, and officers.

In doing so, criminals benefit from the credit history of innocent third parties. Finance companies, which typically do not directly deal with the purchaser and work through an intermediary dealer, do not suspect the identity theft until it is too late, and the vehicle has been removed from Canada.

Industry Intelligence

CBSA officials do not perceive any wrongdoing because the entity or person who is ostensibly exporting the vehicle also appears to be the owner of the vehicle. There is typically a lien registered against the vehicle, but that does not prevent the export of the vehicle from Canada. Further, provincial personal property security registration system processes need to contain adequate safeguards to prevent the fraudulent removal of liens. This is less of a problem in the United States, where the export of vehicles requires the presentation of the vehicle registration at export, along with consent from lien holders, in part to prevent this exploitation from occurring.¹⁰

2. ReVINing

Criminals also exploit loopholes in provincial vehicle registries to reVIN vehicles. Every vehicle has a unique vehicle identifier, known as the vehicle identification number (VIN). The VIN is a 17-digit series of letters and numbers that identify the vehicle manufacturer, provide information about the vehicle's attributes and assembly, and contain a unique serial number.

Organized crime often affixes new VINs to stolen vehicles so they can be resold to unsuspecting buyers overseas and even within Canada and the United States. To avoid detection, criminals employ deliberate strategies regarding the replacement VIN because of the assembly and vehicle attributes characterized within.

The more sophisticated criminals misappropriate VINs from vehicles that have been legitimately exported for use in reVINing. They use exported VINs because these vehicles have a registration history in Canada. The fake VIN appears to be legitimate because that VIN is expected to be in Canada as it was originally sold here. The VIN appears as expected in searches done through vehicle history providers and vehicle registries maintained by provincial governments. The VIN is eligible for warranty coverage and will not likely arouse any suspicion if sold to an unsuspecting buyer.

If the crime is ever detected, the unsuspecting buyer is left without the vehicle and their money and will not have any practical remedy to recover their losses. The theft victim must buy a new vehicle, and the insurer must pay the loss. All Canadians pay more for insurance because of this crime.

Organized crime can misappropriate VINs and abuse the provincial vehicle registries because there is no reconciliation of vehicle export and import records against provincial registries.

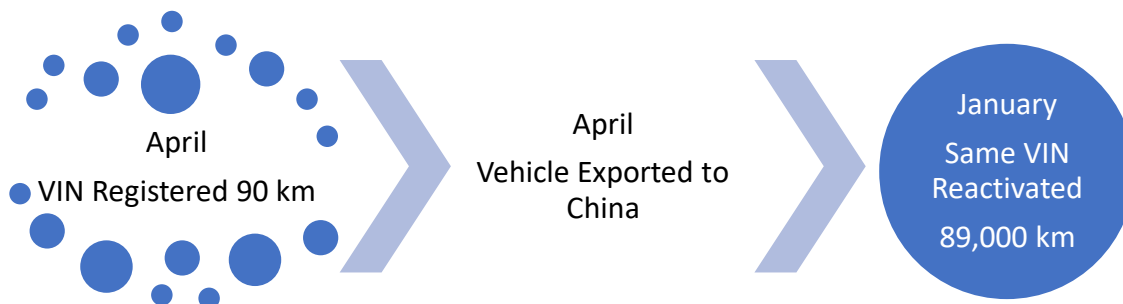
Specific documented examples of this crime were provided to the author of this report.

¹⁰ [Exporting a Motor Vehicle, United States Customs and Border Protection](#)

Industry Intelligence

In one example, a particular vehicle was legitimately exported by an Ontario-based vehicle exporter to a buyer in China through the Port of Vancouver on April 12. An export declaration was submitted by the exporter to CBSA listing the VIN of the vehicle. The export declaration was made on Form B13A, which CBSA uses to record exports leaving Canada. The exporter also registered their vehicle ownership in Ontario’s vehicle registry in April. The vehicle was listed by the exporter as having an odometer reading of 90 km at the time of its ownership. The vehicle was exported from Canada to China as declared to CBSA.

Unbeknownst to the exporter, someone obtained access to their VIN history information. That VIN, which was affixed to another vehicle, was re-registered in Ontario nine months later, on January 17, to another individual. The exporter had no dealings or knowledge of this individual, but the exporter’s VIN was suddenly registered to that individual. The January 17 registration in the Ministry of Transportation database showed an odometer reading of 89,000 km. The exporter did not have any knowledge of this new registration at that time. There were two vehicles showing the same VIN, one in Canada and one in China. No two vehicles can have the same VIN.

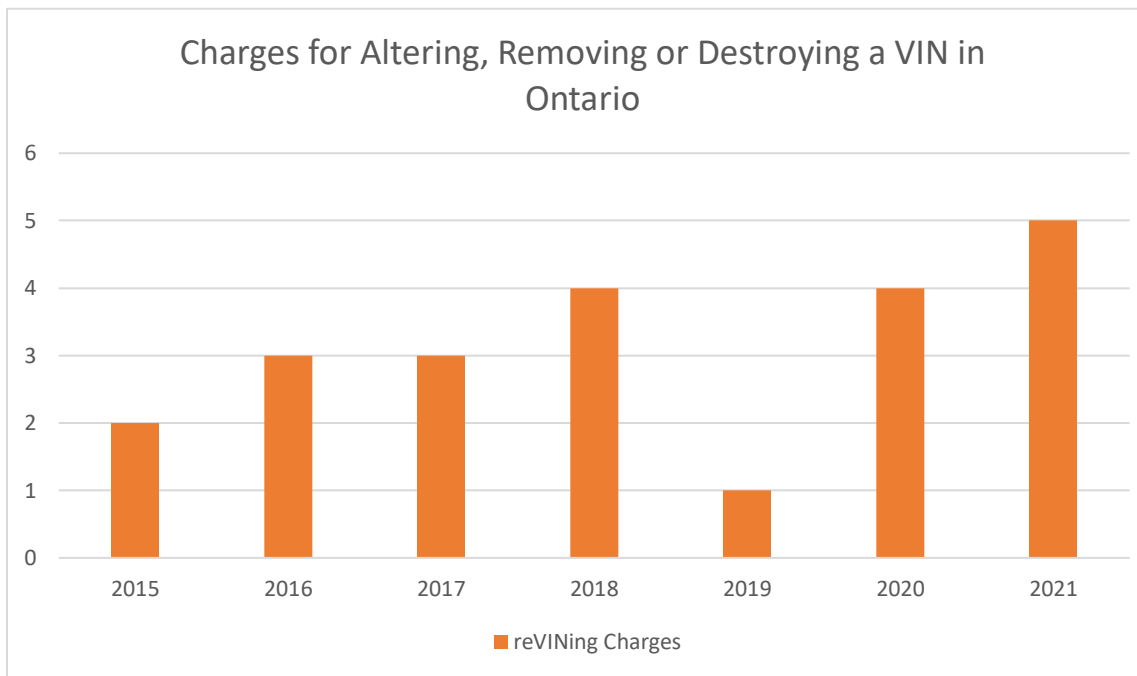


The exporter provided the author with other examples of reVINing, including VINs that remained dormant in the provincial vehicle registry for a few years after export before reappearing as active in the registry. There was no record of any of these vehicles having been reimported into Canada. They were all duplicate VINs.

In 2021, only five people were charged in Ontario with the offence of altering, removing, or destroying a vehicle identification number, a year in which 27,495 vehicles were stolen in the province. Between 2015 and 2020, no more than four people were charged in the province in any given year.



11



12

¹¹ [Incident-based crime statistics, by detailed violations, Canada, provinces, territories, Census Metropolitan Areas and Canadian Forces Military Police, Statistics Canada](#)

¹² [Incident-based crime statistics, by detailed violations, police services in Ontario, Statistics Canada](#)

3. CONTAINER EXPORT

Stolen vehicles are often exported overseas in shipping containers. Stolen vehicles are sometimes exported across land ports to the United States, but this is a riskier activity for criminals because the likelihood of detection increases when the vehicle remains within North America. By shipping overseas, criminals benefit from the vehicle being removed from North American vehicle registries and history reporting systems and taken to countries where there is reduced or no coordination with Canadian police jurisdictions.

When stolen vehicles are placed in containers for overseas export, the shipper must make a declaration to CBSA as to the contents. Sometimes the vehicles are declared to be vehicles. Sometimes they are declared to be something else. Often the vehicles are identified as other goods that match the weight expectancy of vehicles, like washing machines, to avoid suspicion on weight scales. Even if stolen vehicles are identified as vehicles, they will not be detected unless a customs officer does a physical inspection of the VIN plate to see if it matches the declaration. Given the large volume of containers that are presented at Canadian seaports, CBSA officials are unable to conduct a physical examination of more than a small percentage of containers. Instead of random physical inspections, CBSA officials tend to use intelligence, experience, and expertise to identify containers for inspection that arouse suspicion.

Once a vehicle is exported, the shipment will not be flagged unless someone in the new country conducts a search to see if the VIN was reported as stolen in Canada. INTERPOL maintains a Stolen Motor Vehicle (SMV) database to reduce international vehicle theft and trafficking. The database allows police in member countries to determine whether a VIN has been reported as stolen in another country.

By 2020, approximately 250,000 vehicles worldwide were identified as stolen in the SMV database. Approximately 135 countries reported stolen vehicle data to INTERPOL. More than 256 million searches have been carried out against the database.¹³ But this does not prevent the trafficking of stolen vehicles unless someone conducts a verification on the VIN. Interest in detection in some countries for which stolen vehicles are destined is non-existent.

¹³ [International Criminal Police Organization \(INTERPOL\)](#)

Recommendations

Notwithstanding the existence of these challenges, there are measures that can be implemented to deter theft and prevent stolen vehicles from being exported. The recommendations below will prevent vehicles from being stolen, improve detection, and remove opportunities for organized crime to profit.

The following strategies are recommended for immediate implementation:

PUBLIC EDUCATION PROGRAM FOR THEFT PREVENTION

Educating the public is the first step in preventing theft:

One of the key solutions to reducing the export of stolen vehicles is to prevent theft from occurring in the first place. There are measures the public can take to make it harder for even sophisticated criminals to steal vehicles, to increase the likelihood of detection, and to reduce opportunities for theft. These measures can only be effective if they are communicated effectively through dedicated public education programs.

Store vehicle fobs in signal-blocking containers:

Vehicle keys and fobs should not be left inside unattended vehicles. Unattended vehicles should not be left running, even for a few minutes. Signals from key fobs that are stored in homes close to windows and doors are at risk of being copied by criminals to steal vehicles off driveways. Signal-blocking containers to store key fobs at home can effectively prevent this from happening.

Use locking systems for diagnostic ports and steering wheels:

Locking systems for onboard diagnostic ports can prevent thieves from reprogramming a key fob. Steering wheel locking systems can provide a visible deterrent and make it harder to steal a vehicle.

Help police find stolen vehicles with tracking devices:

Tracking devices can help police find stolen vehicles. There have been incidents of vehicles being stolen and owners putting their own physical safety in danger by using the tracking device to recover the vehicle themselves. **Public education programs should address this concern so that dangerous interactions between vehicle owners and those engaged in theft are avoided.**

RE-ESTABLISH PROVINCIAL AUTO THEFT TEAMS

The Ontario Provincial Auto Theft Team was an important initiative for reducing vehicle thefts in the early 2000s. The Team provided much-needed leadership, expertise, and coordination to dedicated investigations and intelligence sharing as vehicle theft shifted to a sophisticated crime with unlimited means of operation. The Team successfully targeted organized crime.

The Provincial Auto Theft Team was disbanded partly because of its own success and impact across the province. Reductions in vehicle theft led to a shifting of resources and priorities. Given the return of increased theft rates and enhancements of technologies and operations utilized by organized crime to steal vehicles and sell them internationally for profit, this expertise in investigations and intelligence is once again needed not only by police services in Ontario but across the entire country. **The time has come to allocate resources to re-establishing Provincial Auto Theft Teams in provinces across Canada.**

PROTOCOLS FOR REPORTING FINANCED VEHICLES EXPORTED THROUGH IDENTITY THEFT

Customs authorities should implement reporting protocols to prevent criminals from illegally exporting vehicles obtained by fraud or identity theft. These protocols would enable CBSA to coordinate investigations efficiently and effectively with the appropriate police agencies and would give practical effect to the intent of the *Tackling Auto Theft and Property Crime Act* and the provisions that enable CBSA to detain property before export that was obtained by or derived from the commission in Canada of an offence punishable by indictment.

Currently, port authorities' practices generally require initial reporting to local police authorities prior to investigation by CBSA. Strained resources and competing priorities often delay local police investigation, which usually nullifies the intent and purpose of the provisions that enable detention of property prior to export in the *Tackling Auto Theft and Property Crime* legislation. There would be more opportunities to intercept vehicles obtained through identity theft prior to export if protocols centralize reporting directly to CBSA for investigation. Recovery of the vehicles and collection of evidence remains viable for practical purposes only while they are still in Canada.

REDUCED INSURANCE RATES FOR INSTALLATION OF THEFT DETERRENT DEVICES

Stakeholders should work with insurers to incentivize vehicle owners to install theft-deterrent devices on their vehicles through reduced insurance rates. Initiatives like these are underway. Stakeholders should continue to support the efforts of the Équité Association, the Insurance Bureau of Canada, insurers, and other stakeholders in ascertaining the impact of deterrent devices on the cost of vehicle theft to insurers, vehicle owners, and society.

The following recommendations are suggested for a longer outlook:

REMOTE VIN PLATE VERIFICATION SYSTEMS

One of the inherent challenges police investigators face is finding stolen vehicles before they have been removed from Canada. Similarly, one of the inherent challenges facing CBSA in preventing the export of stolen vehicles is the time required to conduct a physical inspection of a shipping container. Despite imaging machines helping CBSA with their initial container inspections to verify that they match the contents listed on an export declaration, they do not enable VIN plate verification.

Research into technologies that enable remote VIN plate reading while a vehicle is still on a Canadian road system is recommended. VIN plates could use existing technologies to integrate electronic security features for identifying stolen vehicles driving on the road before export. Enhanced security features can ensure that the displayed licence plate on a vehicle matches the VIN to which the licence plate was issued. Readers could be placed, for example, in conjunction with red light camera equipment or toll highway readers to identify, ideally in real-time, where stolen vehicles are being driven.

Once applied to the problem of exporting stolen vehicles, perhaps regulations could be considered to place an onus on freight forwarders to conduct their own VIN plate verification and create an electronic record for vehicles shipped prior to submission of an export declaration to CBSA.

If CBSA officers could remotely read a VIN plate, they could match or compare it to the VIN on the shipper's export declaration. Perhaps technology could be developed to fully enable CBSA to read VINs remotely while vehicles are inside a container. There is likely much commercial application of such technology beyond the limited scope of stolen vehicle detection and certainly beyond the jurisdictional limits of CBSA. A project to develop this technology may be well suited for a private sector partnership with the engineering faculty of a higher education institution.

COST-BENEFIT ANALYSIS FOR CONTAINER IMAGING MACHINES

A cost-benefit analysis should be undertaken to assess the effectiveness of imaging machines deployed by CBSA to examine the contents of a container. Although it is currently not viable to inspect every container this way, a cost-benefit analysis for targeted use can determine its effectiveness in identifying stolen vehicles. The use of container imaging machines at Canadian seaports should adjust accordingly.

If there are indications that more machines should be deployed at Canadian ports, public and private partnerships could be examined. Such partnerships may be necessary to secure funding for implementation, especially if the technology to remotely verify VIN plate authenticity is developed and becomes viable for use at Canadian ports.

An assessment should also review the use of container imaging devices by United States customs authorities and other foreign authorities to determine and incorporate their best practices in Canada.

PERMANENT OFFICE FOR VEHICLE THEFT

A permanently staffed Federal office should be established to coordinate activities and implement solutions given the multijurisdictional nature of vehicle theft and the contributions that can be made by many stakeholders. Such an initiative could be led by the federal government, for example, through the Department of Justice.

The permanent office would commission research, establish working groups, task forces, and committees, and develop strategies for the office and initiatives to become financially self-sustaining. Members of working groups and committees would include policing agencies, private and public sector stakeholders, foreign stakeholders, and other policing authorities. The office would coordinate and spearhead much-needed initiatives to reduce vehicle theft and exploitation by organized crime of Canadian export channels. The permanent office would organize working groups and committees based on geography, authority as appropriate and would be issue-specific ranging from organizing meetings and summits to commissioning research on the impact of theft deterrent devices.

ACADEMIC PARTNERSHIPS FOR VEHICLE THEFT PREVENTION

This report recommends exploring partnerships with higher education institutions to conduct multifaceted research on vehicle theft issues, to create educational programming for the next generation of leaders, develop new technologies to reduce theft rates, and facilitate the discovery and recovery of stolen vehicles. Partnerships could be established through policing, criminology and engineering faculties and the Canadian Police College in Ottawa.

As noted by the Presidents of Ontario's Universities in their 2017 report *Partnering for a Better Future for Ontario*¹⁴, higher education institutions can ensure that they are engaged with communities beyond what can be seen as solely academic. They can work with others to create real, meaningful solutions to real-life, everyday problems. Partnerships with higher educational institutions could include policing agencies, governments, not-for-profit and public and private sector interests. There is an opportunity to work together in human and technological innovation to empower organizations with the right skills to tackle the ongoing problem of vehicle theft and the export of stolen vehicles. This is a global problem that impacts virtually every country in the world. There is an opportunity to promote expertise in this area and make Canada the home of leadership in the world of vehicle theft deterrence, detection, and recovery.

MANUFACTURER INITIATIVES

A slate of recommendations for the reduction of vehicle theft and export of stolen vehicles must acknowledge the important role that manufacturing has played in the past and will continue to do so in the future. Technological innovation in vehicle production was a significant factor in the reduction of vehicle theft that took place close to 20 years ago. Manufacturers are concerned about this problem and continue to innovate and look for solutions as a central stakeholder. Consumers should be incentivized to request this equipment from manufacturers and manufacturers should continue to look for ways to improve on existing anti-theft technology.

It is recommended that manufacturers engage in a leadership role in the public education programs for theft prevention set out earlier in this paper. Manufacturers have a role to play in increasing consumer demand for installation of existing technologies. Manufacturers should also be invited to explore partnerships with higher education institutions described in the previous recommendation for the purpose of developing new technologies. It is expected that increased demand and use by consumers of these technologies will produce tangible cost savings through lower theft numbers and ultimately will result in reduced insurance rates for vehicles equipped accordingly.

¹⁴ [Partnering for a Better Future for Ontario, Presidents of Ontario's Universities, 2017](#)

The following recommendations are suggested for long-term implementation:

COORDINATED NATIONAL SYSTEM FOR VEHICLE REGISTRATIONS AND LIENS

Modernization of provincial lien registry systems should be integrated with provincial vehicle registries to prevent financed vehicles from being misrepresented as unencumbered. Such integration would reduce the number of vehicles wrongfully converted and exported, typically through identity theft.

Integration based on many of the principles upon which United States vehicle titling processes are based would be equally applicable in Canada and useful as a deterrent. Specifically, for United States titled vehicles that are exported from American ports, the exporter must present to the Customs office an original certificate of title. The title document is examined for evidence of third-party ownership or claims. If a recorded lien exists in the United States, the provisional owner must provide to Customs a separate writing from the third-party interest which expressly provides that the subject vehicle may be exported. This writing must be on the third party's letterhead paper and contain a complete description of the vehicle including the VIN, the name of the owner or lienholder of the vehicle, and the telephone numbers at which that owner or lienholder may be contacted and must bear an original signature of the third-party and state the date it was signed.¹⁵

The principles and practices in use in the United States in its vehicle registry system that integrate lien information and coordinate export consent with Customs authorities present an important solution to preventing criminals from creating false identities and misappropriating the identity of others to export vehicles. These principles and practices appear to be effective deterrents in the United States and should be implemented in Canada.

ESTABLISH VERIFICATION PARTNERSHIPS FOR VIN REGISTRATIONS

In its best practice model for registering out-of-jurisdiction vehicles, the Canadian Council of Motor Transport Authorities (CCMTA) recommends that provincial vehicle Registrars complete a cross-jurisdictional search within Canada for all vehicles that are being registered from out of jurisdiction vehicles through its Interprovincial Record Exchange (IRE) system. The IRE system is a network developed and managed by CCMTA, which connects the driver and vehicle databases of all Canadian jurisdiction motor vehicle departments and provides for the electronic exchange of

¹⁵ [Exporting a Motor Vehicle, United States Customs and Border Protection](#)

Industry Intelligence

information between these jurisdictions. The best practice model recommends disallowing the active registration of the same vehicle in multiple jurisdictions.¹⁶

For this model to be effective, the IRE system must be expanded to include VINs that have been declared to CBSA to have been exported out of Canada. The IRE system already allows for the search of vehicles that have been imported into Canada through the Registrar of Imported Vehicles program. If a VIN on a Canadian vehicle has been exported out of Canada as per CBSA records, and if that VIN has not been reimported into Canada, an active application for registration for that VIN in Canada represents a duplicate VIN. Those vehicle registrations should be flagged and investigated. Such a system would have identified the duplicate registrations presented as an example earlier in this paper on the vehicle exported to China.

ELECTRONIC NVIS

The New Vehicle Information Statement (NVIS) is a record of a new vehicle and provides basic information on the vehicle, the manufacturer, the selling dealer and the original purchaser. The NVIS is essentially equivalent to the birth certificate of a vehicle.

In 2004, CCMTA approved the concept of a partial electronic NVIS program for new vehicle registrations. Since that time a draft standard and accompanying NVIS form and template have been developed by industry and government stakeholders. In 2019, CCMTA adopted an updated partial electronic NVIS policy manual.¹⁷

Ultimate adoption of fully electronic NVIS registrations will be a critical component of a coordinated national system that enables complete VIN verifications. Without fully electronic NVIS registrations, provincial registries will remain susceptible to registrations of reVINed stolen vehicles using falsified NVIS documents. Falsification will be rendered more difficult when registries are able to perform automated electronic verifications without reliance on paper documents for which verification is not viable.

¹⁶ [CCMTA Best Practice Models for Combating Auto Theft, November 2010](#)

¹⁷ [CCMTA New Vehicle Information Statement \(NVIS\) and Partial Electronic New Vehicle Information Statement \(eNVIS\) Policy Manual, July 2019](#)

Final Thoughts

There is much work to be done. As noted at the beginning of this report, the solutions to vehicle theft are multifaceted and multilayered. There is not one single solution. Some of the answers will come through engineering innovation. Others will be based on sharing of information, commissioning of research or financial incentivization. The common thread to all of this is leadership and management. Ideas and critical initiatives must be coordinated and given an opportunity to coalesce into action. As a society, we must work together to keep pace with organized crime and attack the problem from many angles. We must not be complacent. For every solution that is implemented, a new challenge arises.

By working together and investing in shared safety and security, we can make a difference. This approach has served us well in the past. In the past decade, we have learned that we must continue to move forward. Fortunately, there are solutions. Leadership and determination will enable us to see them through to fruition.

References

An Act to amend the Criminal Code (auto theft and trafficking in property obtained by crime) S.C. 2010, c. 14, Assented November 18, 2010

Canadian Automobile Dealers Association, *New Stolen Vehicle Law Passes House and Senate*, November 8, 2010

Canadian Council of Motor Transport Administrators, *Best Practice Models for Combating Auto Theft, November 2010*

Canadian Council of Motor Transport Administrators, *Canadian Vehicle Status Management Program*, June 20, 2019

Canadian Council of Motor Transport Administrators, *New Vehicle Information Statement (NVIS) and Partial Electronic New Vehicle Information Statement (eNVIS) Policy Manual*, July 2019

Casavant, Lyne and Valiquet, Dominique, *Legislative Summary of Bill S-9: An Act to Amend the Criminal Code (Auto Theft and Trafficking in Property Obtained by Crime)*, May 5, 2010

Équité Association

Exporting a Motor Vehicle, United States Customs and Border Protection

Gabor, Peter, *Costs of Crime and Criminal Justice Responses*, 2016

German, Peter M. *Dirty Money, An Independent Review of Money Laundering in Lower Mainland Casinos conducted for the Attorney General of British Columbia, Part 3*, May 7, 2019

Government of Canada, *Legislation Tackling Auto Theft and Property Crime Act to Receive Royal Assent*, News Release, November 18, 2010

Hodgkinson, Tarah, Andresen, Martin A, and Farrell, Graham, *The Decline and Locational Shift of Automotive Theft: A Local Level Analysis*, March 2016

House of Commons of Canada, Evidence - JUST (39-2) - No. 6, December 6, 2007

Insurance Bureau of Canada

International Association of Auto Theft Investigators

Industry Intelligence

International Criminal Police Organization (INTERPOL)

MacDonnell, Mark C., *Stolen Vehicles for Export: A Major Concern for Domestic and International Security*, March 2018

Amanda V. McCormick, Amana V., Plecas, Darryl and Cohen, Irwin M., *Motor Vehicle Theft: An Analysis of Recovered Vehicles in the Fraser Valley*, November 2007

Ontario Solicitor General, *Provincial organized crime enforcement team Backgrounder*, June 23, 2008

Peel Regional Police, *Auto Theft Summit*, March 10, 2023

Plecas, Darryl, Armstrong, Jennifer, Haarhoff, Tara, McCormick, Amanda V., and Cohen, Irwin M., *Why the Integrated Municipal Provincial Auto Crime Team (IMPACT)*, 2011

Presidents of Ontario's Universities, *Partnering for a Better Future for Ontario*, 2017

Senate of Canada, *The Standing Senate Committee on Legal and Constitutional Affairs, Evidence*, May 27, 2010

Service de police de la Ville de Montréal

Statistics Canada, Incident-based crime statistics, by detailed violations, police services in Ontario

Statistics Canada, Incident-based crime statistics, by detailed violations, Canada, provinces, territories, Census Metropolitan Areas and Canadian Forces Military Police

Statistics Canada, Number of motor vehicle thefts in Canada from 2000 to 2021

Statistics Canada, Number of motor vehicle thefts in Canada in 2021, by province or territory

Statistics Canada, Rate of motor vehicle thefts in Canada in 2019, by metro area

Toronto Police Service Crime Statistics - Auto Theft

Wallace, Marnie, *Exploring the Involvement of Organized Crime in Motor Vehicle Theft*, 2004