

Motor Vehicle Theft Prevention and Insurance Verification Council
Tuesday, January 29, 2019
10:00 a.m. – 12:00 p.m.

Illinois State Library
300 South Second St., Authors Room
Springfield, IL 62701

Meeting Minutes

1. Welcome and roll call

Chairman Piazza called the meeting to order at 10:05 a.m. and asked Micah Miller to take the roll call. The following Council members were present (asterisk indicates participation by phone):

Pete Piazza, Director, Secretary of State Police
Sgt. Keith Blair, Chicago Police Department
Larry Johnson, Farmers Insurance
Joe Hutchins, Illinois State Police (designee for Steve Lyddon)
Kevin Martin, Illinois Insurance Association (designee for Dana Popish, Allstate Insurance)
Jeff Abel, State Farm Insurance (designee for Todd Feltman, State Farm Insurance)
Nick Jarmusz, the Auto Club Group (designee for Heather Drake, the Auto Club Group)
* Matt Gall, Country Financial
* Todd Feltman, State Farm Insurance

The following individuals were also in attendance:

Dwayne Killian, Tri-County Auto Theft Task Force (TCAT)
Lt. Elmer Garza, Deputy Director, Secretary of State Police
Mike Downey, Sheriff, Kankakee County
Jim Kaitschuk, Executive Director, Illinois Sheriffs' Association
Joe Egizio, Joliet Police Department
Matt Brown, State Purchasing Officer, Secretary of State
Tiffany Baum, Dept. of Information Technology, Secretary of State
Micah Miller, Program Manager, Secretary of State
Amy Williams, Legal Counsel, Secretary of State
Sherry Brticevich, Grant Monitor, Secretary of State
Bill House, Budget Analyst, Secretary of State Budget Office
Dave Fuchs, Program Assistant, Secretary of State

Chairman Piazza recognized that a quorum was present (6 members or more physically present).

2. Approval of minutes

Chairman Piazza asked if there were comments on the minutes from the December 12, 2018 meeting. Hearing none, Chairman Piazza asked for a motion to approve the minutes. Larry Johnson made the motion and Sgt. Keith Blair seconded the motion. Hearing no objections, the minutes from December 12, 2018 were approved.

3. Appeal Hearing

a. Tri-County Task Force program agreement

Mr. Miller reminded the members that during the December 12, 2018 meeting, the following motions were brought forward for a vote by the Council – (1) a motion to declare the Tri-County Task Force to have ended on January 1, 2015, due to their grant agreement expiring on December 31, 2014 and to be officially closed from this date forward and (2) a motion to return existing Council property or funds that Tri-County is in possession of, to the Council. Mr. Miller noted that those motions passed unanimously with a roll call vote of 6 yes votes each, however the administrative rules afford an appeals process to Tri-County, which they have requested and which will be the subject of this meeting.

Ms. Williams instructed Mr. Killian that since this is an appeal, the burden of proof will be his, and after he is done speaking Ms. Williams and the members will be able to ask questions before a second vote is taken upon the two prior motions.

Mr. Killian and the Tri-County Task Force (TCAT) thanked the Council for their time. He introduced Lt. Joe Egizio from Investigations with the Joliet Police Department, Sheriff Mike Downey of Kankakee County and Jim Kaitschuk, Executive Director of the Illinois Sheriffs' Association. He referenced an appeals letter, which was included in member packets, specifically the timeline beginning February 2015, when the Illinois Criminal Justice Information Authority (ICJIA) was in charge of the Motor Vehicle Theft Prevention Council (MVTPC).

Mr. Killian stated that his goal was to explain the history of TCAT and how they currently exist with a focus toward auto theft, financial fraud and insurance fraud. He continued that TCAT has existed since 1993 and, from the beginning, their unit existed from grant funding that was awarded through the MVTPC of the ICJIA. TCAT funding never increased, but the local leaders Sheriffs and Police Chiefs across Will, Grundy and Kankakee Counties were fully vested into the program and those agencies paid the additional costs related to their mission.

Mr. Killian said that in 2015, Governor Rauner signed an Executive Order that prevented ICJIA from granting further funding, however many meetings continued to be held between ICJIA staff and stakeholders and it was determined that TCAT should continue to function using project income and equipment. He said that ICJIA gave little guidance as to how to continue to function, but they understood that once a budget was signed, funding would be restored. Other

programs shut down due to lack of funding and TCAT was asked to store vehicles and equipment (from closed task forces) at no cost to ICJIA. Over the next year, TCAT was asked to create a 6-month budget from July 1, 2015 to December 31, 2015 and then a 9-month budget from October 5, 2015 to June 30, 2016 with the advisement that there were funds to use for programming once an appropriation was passed to allow the use of those grant funds again.

In 2016, TCAT stakeholders met with Senator Pat McGuire, State Representative Natalie Manley and State Representative Larry Walsh, Junior who all expressed their continued support of the TCAT mission and vowed to work toward an appropriation bill. He continued that due to the lack of a 2016 state budget, the programs did not receive funding but continued to operate by reducing operations, using project income and greater local contributions to their program.

In 2017, TCAT stakeholders continued to work with the Will County State's Attorney's Office to update their interdepartmental agreement defining TCAT's mission including their operational authority, unit mission and goals. Currently member agencies include the Joliet Police Department, Romeoville Police Department, Kankakee City Police Department and the Kankakee County Sheriff's Office along with the Will County State's Attorney's Office.

Mr. Killian said that TCAT understands that there is a grant process they will have to go through for Fiscal Year 2020 and their stakeholders are committed to the Council's mission and goals, as evidenced by the fact that TCAT is the only program to continue the enforcement of auto theft, insurance fraud and financial theft over the past several years when there was no money available. Local leaders and elected officials support the mission of TCAT and they hope the Council will recognize their commitment.

Mr. Killian then noted several statistics relating to TCAT operations:

- In 2015, TCAT initiated 242 investigations, arrested 91 people and recovered 179 vehicles for the recovery amount of \$2,425,593.
- In 2016, TCAT initiated 161 investigations, arrested 67 people, and recovered 161 vehicles for the recovery amount of \$1,683,463.
- In 2017, TCAT initiated 154 investigations, arrested 33 people, and recovered 102 vehicles for the recovery amount of \$1,212,841.
- In 2018, TCAT initiated 133 Investigations, arrested 33 people, and recovered 94 vehicles for the recovery amount of \$1,135,999.

Mr. Killian then noted some unique cases, going back to 2015 and 2016, where TCAT involvement in auto theft cases led to an Unlawful Use of Weapon's arrest, a CPN related financial fraud scam arrest, a Lemont-based vehicle transport theft arrest with over 15 vehicles recovered and over \$500,000 involved, auto theft case linked to human sex trafficking arrest, and an auto theft that led to a burglary ring with arrests linked to 12 other burglaries.

In closing, Mr. Killian said that TCAT is the only unit that survived and did not close due to the loss of grant funding and the local Sheriffs and Chiefs of Police all saw a need to keep TCAT going.

Ms. Williams thanked him for his testimony and said that before she begins, she wanted to clarify, as she did at the December 2018 meeting, that Council votes, which will be taken today are not related to work that TCAT has done in the past or continues to do currently, rather they are based entirely upon whether or not after January 1, 2015, TCAT continued to be a MVTPC program. She then asked the following questions (designated by Q, Mr. Killian's response is designated by A):

Q – The written grant agreement between TCAT and the MVTPC expired on January 1, 2015, after that date is it true that there were no written agreements entered into between Mr. Killian, TCAT and the Council.

A – Not written, no.

Q – And would the Council be a party to the interdepartmental agreement that you referenced?

A – No.

Q – As TCAT operates now, it is a task force operating without the Council?

A – Previously ICJIA was not a part of the interdepartmental agreement that I referenced.

Q – After January 1, 2015, you continued to conduct law enforcement activities without being a Council recognized program?

A – We were still receiving guidance from them and they were telling us what to do. We did everything we were doing in the past, the only thing we didn't do was have a budget or a written agreement.

Q – During that time, you were continuing to perform work without a written agreement, and you have 4 specific vehicles that are grant purchased. Do you know where those vehicles are now?

A – Yes.

Q – Where are they?

A – In Joliet, at our storage location.

Q – How often are they used?

A – They are not used.

Q – Do you know the odometer reading of these vehicles?

A – No.

Q – Have the vehicles been used after January 1, 2015?

A – Yes.

Q – By whom?

A – Members of Tri-County auto theft.

Q – For what purposes?

A – Auto theft.

Q – Would those be the same boundaries that were in the existing grant agreement prior to January 1, 2015?

A – Yes.

Q – What made you stop using the vehicles?

A – Due to the lack of funding, we had some individuals who left the unit so we didn't need those vehicles. And some of these vehicles were stored at the request of ICJIA because they had nowhere to put them.

Q – Since January 1, 2015, has TCAT filed any quarterly or monthly reports with the Council?

A – Not with the Council.

Q – Would you agree that was because you no longer had a written grant agreement with the Council?

A – No, it was because we never met on a monthly or quarterly basis and were never told that we should continue to do any kind of report to give to the Program Manager and the Council, but I still did reports for the Policy Board of TCAT.

Q – After January 1, 2015, you no longer complied with the terms of the written grant agreement?

A – If that was in the grant agreement, then no, but I gave updates Council meetings.

Q – During that time, you were continuing to use Council property without adhering to certain terms of the written grant agreement?

A – You could say that.

Q – Is it fair to say that you stopped complying with those requirements because you considered that agreement to have expired?

A – No.

Q – Why did you stop providing quarterly or monthly reports?

A – We were never instructed to continue doing them.

Q – Were you aware that they were part of your written grant agreement?

A – I wasn't. I was the Deputy Director for TCAT and not the Director until the time that the Illinois State Police (ISP) pulled out.

Q – Part of your written grant agreement required members of TCAT to attend general seminars, the Citizen's Police Academy or Career Days, has that continued to happen?

A – Yes, in Romeoville, they have a Citizen's Police Academy that TCAT attends when requested.

Q – How often does TCAT attend?

A – Whenever it is requested.

Q – Do you have any idea how many times since January 1, 2015?

A – No.

Q – Are you aware that this was an objective that TCAT was required to meet under the written grant agreement?

A – Yes.

Q – Do you attend any specialized training programs or seminars related to insurance fraud or fraud investigations?

A – Yes.

Q – How frequently?

A – The last one was 4 months ago.

Q – How many since January 1, 2015?

A – I don't know.

Q – Do you know how many insurance fraud or fraud related investigations have been prosecuted as a result of TCAT, since January 1, 2015?

A – Do you mean arrests?

Q – No, as part of the written grant agreement, someone in TCAT is required to track the number of prosecutions that result from TCAT?

A – Yes we have that.

Q – At what point did you turn those numbers over to the Council?

A – We didn't.

Q – Since January 1, 2015, has anyone from TCAT attended a loss-prevention meeting?

A – Yes.

Q – Who?

A – Murawski (sp?) from Romeoville. In the past 3 years, I have also.

Q – Since January 1, 2015, did you report that to the Council at any time?

A – We were never told or instructed that they wanted quarterly or monthly reports.

Q – But, you were aware that was part of the written grant agreement requirement?

A – No, because I was the Deputy Director. When I took over I started going to the meetings with ICJIA and we didn't have a point of contact.

Q – When did ISP leave TCAT?

A – The end of 2015.

Q – After that time you became the Acting Director?

A – Yes.

Q – Who pays your salary?

A – Tri-County Auto Theft.

Q – Is Tri-County Auto Theft a legally recognized entity?

A – I don't know.

Q – My concern is that after January 1, 2015, I can't seem to verify that TCAT is a legal entity.

A – We have an interdepartmental agreement.

Q – I understand, but without that legal entity, it makes it difficult for the Council to understand the current ownership of the Council vehicles. Right now, they are titled to TCAT, which legally doesn't exist.

A – Legally we do exist. By having an interdepartmental agreement we created an auto theft unit.

Q – Having an agreement between two agencies does not create a third entity, it is merely a working relationship established on paper. The question is are you a legally recognized entity that can legally own the vehicles as they are titled now.

A – I don't know if I can answer that accurately, possibly the Will County State's Attorney's office could.

Q – After January 1, 2015, did you have any written agreement with the Council to maintain the vehicles?

A – No.

Q – Do you understand that this appeal process has no impact on your ability to apply for a grant when the process becomes available again?

A – Yes.

Q – Do you understand that you are entitled to ask for new vehicles under a new grant agreement?

A – Yes.

Q – Do you understand that it makes it difficult, legally, for this Council when there is no written agreement on when, how and why the vehicles currently in your possession will be used?

A – No, because they are only used for auto theft investigation. We still went by the same agreements, the same rules the same policies, when it was ICJIA and the only time we used those vehicles was when it was police related and investigating auto theft. We have continued

to do the same thing each year, we still got information from ICJIA, we followed their policies and rules, we just weren't receiving funding.

Q – You weren't following all of the grant agreements though, for instance the lack of filing reports.

A – Correct, and that was because when we attended those meetings, no one asked for them.

Ms. Williams said that she understands that ICJIA had a different way of doing things, and we are not bound by those former policies and practices that we disagree with. She then opened up the questions for other Council members.

Larry Johnson asked if the whole issue involves 4 specific vehicles that TCAT still has possession of. Ms. Williams said yes, these are grant purchased vehicles, which are Council owned. Mr. Johnson asked if these vehicles would continue to be used for auto theft investigations? Mr. Killian said yes.

Mr. Johnson said that in the past, the Council has donated vehicles like this to the implementing agencies when the task forces were closed, with the understanding that they would be used for auto theft. He asked if it would be possible to donate these vehicles to TCAT. Ms. Williams said that in her opinion, gifting vehicles that were purchased with grant funds would have violated the State Procurement Code.

Matt Brown, Purchasing Officer with the Secretary of State's Office, said that one of the challenges in program administration is trying to work with statutes that may have competing interests. He continued that one issue with the process that ICJIA used previously was that they created an award process where they took property that was under state control and moved that property through an ownership mechanism to the grantees, which appears to have been illegitimate. He noted that their intent may have been well-meaning however.

Mr. Johnson said that the property would have been under Council control. Mr. Brown said the Council would have been defined as an "other administrative unit of state government" and the state Property Control Act has an in-depth definition of where the state boundaries are and the Council is clearly under the jurisdiction of this law. He said this is a governing law that previous and future Council's would have to abide by. He also said that any responsible officer shall maintain permanent record of all items of property under his or her jurisdiction or control and the only way to dispose of property would be for the officer to tender that property to the administrator, in this case, Central Management Services (CMS). He said that when accounting for personal property that is an asset of the state, that is something that did not exist in previous Council activity.

Mr. Johnson noted that the previous Council had legal oversight, who considered this a proper way to dispose of vehicles, but now the Secretary of State is saying this is not a proper way to dispose of vehicles, so who is correct? Mr. Brown said that we looking at activity of the Council moving forward under the Secretary of State's office. Mr. Johnson said that these vehicles were purchased under grants by the Council for the purpose of auto theft and if they are transferred

to a different agency, they may not be used for auto theft which would violate the mandate of the Council. Ms. Williams noted that the Council would have control of the vehicles and they will decide how they are used again to further auto theft. Mr. Miller noted that if there comes a time to dispose of the vehicles due to lack of remaining utility, the amount of revenue from the liquidation of those vehicles would be returned to the Council as well.

Mr. Johnson asked how many total vehicles TCAT had that were Council property. Mr. Killian said there were 8 total, 4 of which were already returned to the Council in 2018, which leaves 4 remaining vehicles in question. Mr. Miller noted that TCAT inventory showed more than 8 vehicles total, but several of those vehicles were designated “retained” to the implementing agency or “program owned.” Mr. Johnson asked what the difference was between “grant purchased” and “program owned.” Mr. Killian said that some vehicles were purchased from revenue generated through asset forfeiture.

Nick Jarmusz asked how TCAT would be negatively impacted by returning the 4 vehicles. Mr. Killian said that they probably wouldn’t be, but he is more concerned with having the unit shut down because that would take considerable time. Mr. Jarmusz said that from the Council standpoint, they are not saying that TCAT has to shut down, rather they do not exist as a Council recognized program, which is not to say they cannot continue operating as they are and maybe be recognized again in the future if a grant were to be awarded from the Council to them.

Ms. Williams said that nobody is telling TCAT to not continue doing auto theft activity, rather the Council is simply clarifying what is a Council program and what is not a Council program so that when grants are awarded once again, there is a very clear understanding of what operations are being funded. She also noted that this is why there is so much scrutiny over the ownership of grant purchased property.

Chairman Piazza asked if there were any other questions from members. Hearing none, he made the following motion: “I move that the Council’s vote of December 12, 2018 stand and the Tri-County Task Force to have ended on January 1, 2015, due to their grant agreement expiring on December 31, 2014, specifically regarding their relationship as a grantee of the Council.” Sgt Blair seconded the motion. Chairman Piazza asked Mr. Miller to take a roll call vote. Mr. Miller noted that two Council members are participating by phone and will be asked for their vote, however their vote will not count since they are not physically present:

Name	Yes	No
Pete Piazza, Chairman	X	
Sgt. Keith Blair	X	
Joe Hutchins (designee for Steve Lyddon)	X	
Kevin Martin (designee for Dana Popish)	X	

Larry Johnson		X
Jeff Abel (designee for Todd Feltman)	X	
Nick Jarmusz (designee for Heather Drake)	X	
Matt Gall (phone)		X
Todd Feltman (phone)	X	

Chairman Piazza acknowledged that the motion passed, 6 yes, 1 no. He also made the following motion: "I move that the Council's vote of December 12, 2018 stand and the Tri-County Task Force return existing Council property or funds that they are in possession of, to the Council, specifically the 4 vehicles in question." Sgt Blair seconded the motion. Chairman Piazza asked Mr. Miller to take a roll call vote. Mr. Miller noted that two Council members are participating by phone and will be asked for their vote, however their vote will not count since they are not physically present:

Name	Yes	No
Pete Piazza, Chairman	X	
Sgt. Keith Blair	X	
Joe Hutchins (designee for Steve Lyddon)	X	
Kevin Martin (designee for Dana Popish)	X	
Larry Johnson		X
Jeff Abel (designee for Todd Feltman)	X	
Nick Jarmusz (designee for Heather Drake)	X	
Matt Gall (phone)		X
Todd Feltman (phone)	X	

Chairman Piazza acknowledged that the motion passed, 6 yes, 1 no.

4. Updates to the administrative rules – Amy Williams

Chairman Piazza asked Ms. Williams to update the members on the administrative rules. Ms. Williams stated that the administrative rules, which the Council voted to adopt, are still pending on 2nd notice in the Joint Committee on Administrative Rules (JCAR). She also noted that there were going to be a few more revisions that would be sent out to members for review, which are necessary for the successful administration of the program. She noted that these revisions would be voted upon by the Council before being filed.

5. Financial report

Chairman Piazza asked Bill House to update the members on the Trust Fund balance. Mr. House reported a current balance of \$16,557,536.

6. Electronic payment system update

Chairman Piazza asked Tiffany Baum, Department of Information Technology (DOIT) with the Secretary of State's Office, to provide an update on the electronic payment system for 2019 insurance payments. Ms. Baum reported that as of the current date, a total of 88 companies have filed with the online payment system, and 81 of those companies did not file any payments due to declaring "zero" insurance policies written in Illinois. She noted that the remaining 7 companies filed at total of \$73,964. Ms. Baum noted that there were some adjustments, which had to be made to the system, but overall it is working well.

Mr. Miller reminded the Council that this system was developed in response to the collection process that was used for 2018, noting that numerous insurance companies requested a method of paying electronically. He noted that for 2018, notifications were sent to approximately 380 insurance companies, which were provided by ICJIA. For 2019, he hoped to target a more specific list of companies, but was instead provided with nearly 800 companies by the Department of Insurance, who were sent a correspondence in December 2018 alerting them of the new payment system located at the Council website. Mr. Miller also mentioned that considering the consistent level of payments through the years, he suspected many of these 800 companies would have "zero" transactions to report, which was becoming apparent in the early filings.

Mr. Miller said that a few companies were requesting to pay with a paper check, which he was handling on a case by case basis. Mr. Johnson asked what the deadline was for companies to submit payments to the Council. Mr. Miller noted that it was April 1 of each year, however there would be occasions when payments would continue to come in after that date.

Mr. Johnson said that there was talk in the past about an audit process through the Department of Insurance to see if companies who were required to pay were actually paying. Mr. Miller said that he tried to set up meetings with the Department of Insurance, but it never came to fruition, however he would continue to do so noting that it would be a benefit to not only contact those companies who are required to pay, but to also not have to contact companies who are reporting "zero."

7. Discussion of FY20 grant funding

Chairman Piazza asked Ms. Brticevich to discuss the grant application process for the upcoming grant cycle. Ms. Brticevich said that she was updating the Request for Proposal (RFP) application and would have it available for the Council to review and offer input on. Once the Council votes upon the application, it would then be posted.

8. Old Business

a. Spring meeting schedule:

Ms. Brticevich discussed the upcoming timeline that the Council would be working within to try and move grants by Fiscal Year 2020. The following scheduled meeting dates and potential content were discussed:

February 28, 2019 – Full Council meeting to approve grant applications and try to have them posted sometime in March.

March 20, 2019 – Full Council meeting, applications should be posted for a 4-week period, including a 2 week question and answer period.

April 25, 2019 – Grant Review Committee meeting to discuss applications that were received and to instruct members on grading criteria.

May 23, 2019 – Grant Review Committee meeting to discuss the evaluations and grades assigned to applications and to vote upon grant recipients for Full Council consideration.

Ms. Brticevich said that without knowing how many applications could come in, it would be hard to forecast a schedule much further, but the goal would be for the month of June to be used for the process of awarding grants so that funding could begin as close to July 1, 2019 as possible.

Mr. Johnson asked if the Grant Review Committee hearings are open to the public. Ms. Williams confirmed, saying that all of the meetings would adhere to the Open Meetings Act. Mr. Johnson also asked how much money would be available for grants. Mr. Miller said that approximately 6 million dollars could be sustained on a 4-year grant cycle, but that number may have to be reduced a bit by year number 5. He noted that the mandatory insurance program costs are still not fully known so it would be difficult to project closer figures.

Ms. Brticevich also made clear that the contracts would be awarded for a 4-year cycle, however the grantee would be funded one year at a time, pending fund availability and subject to annual program review. Mr. Johnson asked how the public would be notified about the RFP process. Mr. Miller said that it would be posted on the Secretary of State's website and also shared with the Illinois Chiefs of Police Association and Illinois Sheriffs Association. Additionally, he said that past grant recipients, going back at least 10 years, would be notified that funding is available once again. Ms. Brticevich said that she would be happy to directly reach out to anyone that the Council wants to inform.

Kevin Martin asked if the RFP had been awarded for the mandatory insurance program. Mr. Brown noted that MV Solutions had received the contract. Mr. Martin asked when funds would be transferred from the Trust Fund to pay for that contract. Mr. Brown said it could be transferred annually or quarterly and would soon be addressed as the contract had only recently been awarded.

9. New Business

Chairman Piazza asked if there was any new business. Hearing none, he thanked everyone for their time.

10. Public Comments

Chairman Piazza asked if there were any public comments. Hearing none, he thanked the members for their time.

11. Adjournment

Chairman Piazza asked Deputy Director Garza to be in contact with Mr. Killian regarding the acquisition of the 4 Tri-County vehicles in question. Mr. Miller said that the full Council will meet again on February 28, 2018 from 10:00 a.m. – 12:00 p.m. Chairman Piazza made the motion to adjourn. Mr. Jarmusz seconded the motion. The meeting was adjourned at 11:15 a.m.