

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

HOUSE BILL 26
RATIFIED BILL

AN ACT TO STRENGTHEN THE LAWS PROTECTING AGAINST THE THEFT OF VEHICLES FOR DISASSEMBLY AND RESALE OF PARTS AND TO ASSIST LAW ENFORCEMENT IN THE INVESTIGATION OF ORGANIZED CRIMINAL ACTIVITY ASSOCIATED WITH THE THEFT OF VEHICLES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-72.7(a) reads as rewritten:

"§ 14-72.7. Chop shop activity.

(a) A person is guilty of a ~~Class H~~ Class G felony if that person ~~knowingly~~ engages in any of the following activities, without regard to the value of the property in question:

- (1) Altering, destroying, disassembling, dismantling, reassembling, or storing any motor vehicle or motor vehicle part the person knows or has reasonable grounds to believe to be ~~has been~~ illegally obtained by theft, fraud, or other illegal means.
- (2) Permitting a place to be used for any activity prohibited by this section, where the person either owns or has legal possession of the place, and knows or has reasonable grounds to believe that the place is being used for any activity prohibited by this section.
- (3) Purchasing, disposing of, selling, transferring, receiving, or possessing a motor vehicle or motor vehicle part either knowing or having reasonable grounds to believe with the knowledge ~~with the knowledge~~ that the vehicle identification number of the motor vehicle, or vehicle part identification number of the vehicle part, has been altered, counterfeited, defaced, destroyed, disguised, falsified, forged, obliterated, or removed.
- (4) Purchasing, disposing of, selling, transferring, receiving, or possessing a motor vehicle or motor vehicle part to or from a person engaged in any activity prohibited by this section, knowing or having reasonable grounds to believe that the person is engaging in that activity."

SECTION 2. G.S. 20-62.1 reads as rewritten:

"§ 20-62.1. Purchase of vehicles for purposes of scrap or parts only.

(a) Records for Scrap or Parts. – A secondary metals recycler, as defined in G.S. 66-420(8), and a salvage yard, as defined in G.S. 20-137.7(6), purchasing motor vehicles solely for the purposes of dismantling or wrecking such motor vehicles for the recovery of scrap metal or for the sale of parts only, ~~must~~ shall comply with the ~~provision~~ provisions of ~~G.S. 20-61~~ G.S. 20-61 and subsection (a1) of this section, provided, however, that a secondary metals recycler or salvage yard may purchase a motor vehicle without a certificate of title, if the motor vehicle is 10 model years old or older and the secondary metals recycler or salvage yard comply with the following requirements:

- (1) Maintain a record on a form, or in a format, as approved by the Division of Motor Vehicles (DMV) of all purchase transactions of motor vehicles. The following information shall be maintained for transactions of motor vehicles:
 - a. ~~The name and address~~ name, address, and contact information of the secondary metals recycler or salvage yard.
 - b. The name, initials, or other identification of the individual entering the information.
 - c. The date of the transaction.



- d. A description of the motor vehicle, including the ~~make~~year, make, and model to the extent practicable.
 - e. The vehicle identification number (VIN) of the vehicle.
 - f. The amount of consideration given for the motor vehicle.
 - g. A written statement signed by the seller or the seller's agent certifying that (i) the seller or the seller's agent has the lawful right to sell and dispose of the motor vehicle-vehicle, (ii) the motor vehicle is at least 10 model years old, and (iii) the motor vehicle is not subject to any security interest or lien.
 - g1. A written statement that the motor vehicle will be scrapped or crushed for disposal or dismantled for parts only.
 - h. The ~~name and address~~name, address, and drivers license number of the person from whom the motor vehicle is being purchased.
 - i. A photocopy or electronic scan of a valid drivers license or identification card issued by the ~~Division of Motor Vehicles~~DMV of the seller of the motor vehicle, or seller's agent, to the secondary metals recycler or salvage yard, or in lieu thereof, any other identification card containing a photograph of the seller as issued by any state or federal agency of the United States: provided, that if the buyer has a copy of the seller's photo identification on file, the buyer may reference the identification that is on file, without making a separate photocopy for each transaction. If seller has no identification as described in this sub-subdivision, the secondary metals recycler or salvage yard shall not complete the transaction.
- (1a) Verify with the DMV whether or not the motor vehicle has been reported stolen. The DMV shall develop a method to allow a person subject to this section to verify, at the time of the transaction, through the use of the Internet, that the vehicle has not been reported stolen, and that also allows for the DMV's response to be printed and retained by the person making the request. One of the following shall apply following the DMV response:
- a. If the Division of Motor Vehicles confirms that the motor vehicle has been reported stolen, the secondary metals recycler or salvage yard shall not complete the transaction and shall notify the DMV of the current location of the vehicle and the identifying information of the person attempting to transfer the vehicle.
 - b. If the Division of Motor Vehicles confirms that the motor vehicle has not been stolen, the secondary metals recycler or salvage yard may proceed with the transaction and shall not be held criminally or civilly liable if the motor vehicle later turns out to be a stolen vehicle, unless the secondary metals recycler had knowledge that the motor vehicle was a stolen vehicle.
- (2) Maintain the information required under subdivision (1) of this ~~subsection~~ subsection, and the record confirming that the vehicle was not stolen, required under subdivision (1a) of this subsection, for not less than two years from the date of the purchase of the motor vehicle.

(a1) Reporting Requirement. – Within 72 hours of each day's close of business, a secondary metals recycler or salvage yard purchasing a motor vehicle under this section shall submit to the National Motor Vehicle Title Information System (NMVTIS) such information contained in subdivision (1) of subsection (a) of this section, along with any other information or statement pertaining to the intended disposition of the motor vehicle, as may be required. The information shall be in a format that will satisfy the requirement for reporting information in accordance with rules adopted by the United States Department of Justice in 28 C.F.R. § 25.56. A secondary metals recycler or salvage yard may comply with this subsection by reporting the information required by this subsection to a third-party consolidator as long as the third-party consolidator reports the information to the NMVTIS in compliance with the provisions of this subsection.

(b) Inspection of Motor Vehicles and Records. – At any time it appears a secondary metals recycler, salvage yard, or any other person involved in secondary metals operations is open for business, a law enforcement officer shall have the right to inspect the following:

- (1) Any and all motor vehicles in the possession of the secondary metals recycler, the salvage yard, or any other person involved in secondary metals operations.
- (2) Any records required to be maintained under subsection (a) of this section.

(b1) Availability of Information. – The information obtained by the Division of Motor Vehicles pursuant to this section shall be made available to law enforcement agencies only. The information submitted pursuant to this section is confidential and shall not be considered a public record as that term is defined in G.S. 132-1.

(c) Violations. – Any person who knowingly and willfully violates any of the provisions of this section, or any person who falsifies the statement required under subsection (a)(1)g. of this section, shall be guilty of a Class 1 misdemeanor for a first offense. A second or subsequent violation of this section is a Class I felony and shall pay a minimum fine of one thousand dollars (\$1,000). The court may order a defendant seller under this subsection to make restitution to the secondary metals recycler or salvage yard or lien holder for any damage or loss caused by the defendant seller arising out of an offense committed by the defendant seller.

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SECTION 3. Section 1 of this act becomes effective December 1, 2013, and applies to offenses committed on or after that date. Section 2 of this act becomes effective for reports and transactions occurring on or after December 1, 2013, and applies to offenses committed on or after that date. The remainder of this act is effective when it becomes law. Prosecutions for offenses committed before the effective date of this act are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

In the General Assembly read three times and ratified this the 15th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____m. this _____ day of _____, 2013