

INTRODUCTION

We, the members of the Forty-Seventh Statewide Investigating Grand Jury, having received and reviewed evidence pertaining to violations of the Pennsylvania Crimes Code and the Pennsylvania Vehicle Code occurring in Lackawanna, Luzerne, Berks, Carbon, Lehigh, Lebanon, Schuylkill, Bucks, Montgomery, Philadelphia, York, and Dauphin Counties pursuant to Notice of Submission of Investigation No. 18, do hereby make the following findings of fact and recommendation of charges.

OVERVIEW

The Grand Jury is conducting an extensive investigation into a criminal enterprise consisting of used-car dealers, certified inspectors and tag agents, who reaped significant financial benefits by conspiring to illegally “wash” the titles of vehicles that were totaled and then export and/or re-sell these unsafe vehicles, allowing them to be driven on the roadways by unsuspecting motorists.

Pennsylvania law permits heavily damaged vehicles to be repaired and returned to the roads of the Commonwealth when certain requirements are met. Once a totaled vehicle is repaired, the owner is required to take it to an enhanced vehicle safety inspector. This individual, certified by and subcontracted with the Pennsylvania Department of Transportation (“PennDOT”), is required to do a full safety inspection of the vehicle and ensure that it is not only repaired and roadworthy, but fully restored to the manufacturer’s original standard. The owner and the enhanced vehicle safety inspector complete a three-page application, attach supporting documentation such as photographs and repair invoices, and take the packet to a tag agent or directly to PennDOT. The tag agent, who is also licensed and subcontracted with PennDOT, then reviews and officially submits the paperwork to PennDOT. The result is a

reconstructed title, which allows the now-repaired vehicle to be used or re-sold just like any other vehicle.

This Presentment focuses on the criminal activities of the Salazar Organization. Luis F. Salazar owned and operated Salazar Auto Sales and Multiservices, LLC (Salazar Auto Sales), a car dealership located in York County. Salazar was contracted with PennDOT to operate a vehicle inspection station and both Salazar and his employee, Jose Rivera-Rivera, were certified by PennDOT to conduct vehicle inspections, including enhanced vehicle safety inspections. Luis Salazar's wife, Cynthia Salazar, and J. Rivera's wife, Reyna Bonilla, also worked for Salazar Auto Sales.

The Grand Jury found that from 2017 until mid-2020, this group of individuals engaged in illegal "flipping" of out-of-state salvage titles to Pennsylvania salvage titles to Pennsylvania reconstructed titles. The scheme enabled out-of-state used car dealerships to obtain Pennsylvania reconstructed titles without ever transporting the vehicles to Pennsylvania and without the vehicles undergoing the enhanced safety inspections that are legally required. Because the vehicles never appeared, the applications that the Salazar Organization submitted to PennDOT included false and misleading statements that the vehicles had been properly inspected and were deemed roadworthy.

Salazar also knowingly submitted false, incomplete, and/or misleading information to the Erie Insurance Company about the operations at Salazar Auto Sales, the number of license plates assigned to the dealership, and the number employees/drivers that were to be covered by the insurance policy. As a result, Salazar Auto Sales was able to obtain an insurance policy that would not have been issued otherwise. Further, the Grand Jurors learned that while the policy was in effect, Salazar repeatedly submitted forms to PennDOT, for the renewal or replacement of

license plates, which contained false, incomplete or misleading statements concerning the extent of the policy coverage.

When Salazar Auto Sales closed its doors in 2020, the Salazar Organization continued submitting fraudulent inspection documents to PennDOT through the operation of N&G Towing, Body Shop and Sales, LLC (N&G) in York County. To date, Salazar, his wife Cynthia, and his partner Rivera are still providing false, misleading, and/or fraudulent information to PennDOT on applications for reconstructed vehicle titles. Additionally, Rivera and his wife, Reyna Bonilla, who own and operate Beltin Auto Sales, LLC (Beltin Auto) in York County, have been submitting fraudulent information to PennDOT on applications for reconstructed titles from 2020 to the present.

FINDINGS OF FACT

I. VEHICLE TITLING AND THE RECONSTRUCTED TITLE PROCESS

A. Vehicle Titles Generally

Trooper Bijan Rastegarpanah of the Pennsylvania State Police appeared before the Grand Jury and explained the process of titling a vehicle. A title is the proof of legal ownership of a vehicle and it is registered with the Commonwealth of Pennsylvania through PennDOT. In addition to owner information, the title also denotes information about the make and type of vehicle, the model year, the year the vehicle was first titled in Pennsylvania, the odometer reading, and the Vehicle Information Number (“VIN”). The VIN is a unique identifier that is physically attached to a vehicle. It is displayed on the dashboard and it is also stamped in various other places throughout the vehicle. Trooper Rastegarpanah testified that as an added security measure, many vehicles now include a second, secret VIN hidden elsewhere within each vehicle.

The Grand Jury learned that it is common for criminals to conceal a stolen car by replacing the VIN. Physical replacement of the VIN allows a thief to evade detection absent a more thorough search of the vehicle. Such a vehicle is known colloquially as a “re-VIN” with the process referred to as “re-VINing.”

B. Transferring or “Flipping” a Vehicle Title

Trooper Rastegarpanah testified that when a vehicle is transferred to another person, the name, address, and signature of both parties are documented on the rear of the title, along with the odometer reading. This title, along with an appropriate form, is then sent to PennDOT. The new owner’s information is registered with the Commonwealth and PennDOT sends the new owner a title in his/her name. This process of transferring a vehicle title - - either between owners or from one type of title into another - - is known as “flipping” a title.

C. Types of Vehicle Titles

A regular or “clean” title is the standard type of vehicle title which reflects the vehicle ownership. This type of title can be freely transferred and registered. If a vehicle is badly damaged, however, it may qualify for a salvage title (also known as a “Salvage Certificate” or “S-Title.”) The Pennsylvania Vehicle Code defines a salvaged vehicle as “a vehicle which is inoperable or unable to meet the vehicle equipment and inspection standards . . . to the extent that the cost of repairs would exceed the value of the repaired vehicle.” In other words, a salvage vehicle is one that has been “totaled.” It is not roadworthy and can be neither driven nor registered in Pennsylvania.

Trooper Rastegarpanah informed the Grand Jury that salvage titles are most common for vehicles that are purchased by insurance companies. Once a vehicle is “totaled,” an insurance company will frequently purchase the vehicle from the insured in the form of a cash settlement. The company will then re-title the vehicle in its name by applying to either PennDOT or the relevant authorities in another state for a salvage title. The company can then re-sell the vehicle at auction. As with “clean” titles, it is also possible for the owner of a vehicle with an out-of-state salvage certificate to apply for and receive a Pennsylvania salvage title.

The Grand Jury reviewed an example of a typical Pennsylvania salvage title. The title is in the name of an insurance company - - in this case, USAA - - with the address of an auction. The face of the title clearly indicates that it is a salvage title and states: “registration not to be issued.” Even more explicitly, the title spells out that “this salvage vehicle may not be operated on the highway” in its current form.

COMMONWEALTH OF PENNSYLVANIA
CERTIFICATE OF SALVAGE FOR A VEHICLE
 REGISTRATION NOT TO BE ISSUED

VIN: 211410390000267 001
 MAKE: HONDA
 MODEL: 2015
 DATE OF SALVAGE: 05/21/21
 ODOMETER: 043159
 ODOMETER UNIT: 0
 ODOMETER TYPE: 0

DATE OF TITLE: 12/08/14
 DATE OF SALE: 05/21/21
 VEHICLE MAKE: HONDA
 VEHICLE MODEL: 2015
 VEHICLE YEAR: 2015
 VEHICLE MAKE: HONDA
 VEHICLE MODEL: 2015
 VEHICLE YEAR: 2015

IMPORTANT NOTICE - FORM MV-4268 MUST BE USED WHEN APPLYING FOR A "RECONSTRUCTED" PENNSYLVANIA CERTIFICATE OF TITLE. THIS SALVAGE VEHICLE MAY NOT BE OPERATED ON THE HIGHWAY UNTIL A "RECONSTRUCTED" TITLE IS ISSUED.

SALVAGE VEHICLE OWNER(S):
 113001
 USAA
 100 INDUSTRIAL WAY
 CONSHOHOCKEN PA 19380

YASMIN GRAMIAN P.E.
 Secretary of Transportation

5563041

The Grand Jury learned that a subsequently repaired vehicle can be issued a reconstructed title, or “R-Title.” A reconstructed title denotes two things: 1) the vehicle had previously been totaled and issued a salvage title; and 2) the vehicle has been repaired. It is not enough for the repairs to fix only the relevant problem(s); instead, “[r]econstructed vehicles must be restored to their original operating condition as designed by the vehicle manufacturer and must conform to the original manufacturer’s specifications and appearance . . . includ[ing] (but . . . not limited to) air bags, seat belt/restraint systems, emissions components, etc.” In nearly all respects, a vehicle

with a reconstructed title can be used just like a vehicle with a “clean” title - - the vehicle can be registered and driven in Pennsylvania. The increased utility of a reconstructed title also increases the value of the vehicle. These titles are also valuable because they allow the vehicles to be exported to other countries. Many ports - - such as those in New York - - will not allow vehicles titled in that state to be exported. This creates enormous incentive for exporters to circumvent those requirements by acquiring reconstructed titles from the neighboring state of Pennsylvania.

This excerpt from Exhibit 159 is a copy of a typical Pennsylvania reconstructed title. The face of the title is clearly labeled as “reconstructed.” Aside from this branding, however, a reconstructed title is virtually identical in both appearance and function to a regular or “clean” title.

D. The Reconstructed Title Process

The process of acquiring a reconstructed title requires the participation of three parties: 1) the applicant; 2) the enhanced vehicle safety inspector; and 3) the tag agent. The first party, the applicant, could be anyone who purchases and attempts to repair a salvage-title vehicle. The Grand Jury’s investigation focused primarily upon used-car

to their original operating condition as designated by the vehicle manufacturer and . . . conform to the original manufacturer's specifications and appearance." The third party, the tag agent, is responsible for reviewing the materials and submitting them to PennDOT on behalf of the applicant.

1. Applicant's Role and Responsibilities

The application for a reconstructed title is PennDOT form MV-426B. Most of the form is filled out by the applicant seeking the reconstructed title. On the first page, the applicant provides his/her name, address, and information. The applicant also chooses from one of thirteen possible explanations about the nature of the application and repairs. For example, option "A" indicates that

I, or my agent, performed the work necessary to reconstruct the vehicle and bring it into compliance with all applicable laws and Pennsylvania vehicle equipment and inspection regulations. A certificate of title/salvage and receipts for parts used are attached. I understand that my Pennsylvania Certificate of Title will be branded as Reconstructed.

(emphasis added.)

Likewise, only authorized dealers are able to select option "M" and indicate that

I am authorized to offer vehicles for sale in Pennsylvania. **Parts that were taken from business inventory and used in the reconstruction of the vehicle are identified on the vehicle bill of sale (attached).** I understand the Pennsylvania Certificate of Title will be branded as reconstructed.

(emphasis added.) Regardless of the explanation, the applicant is also required to identify all of the components of the vehicle that are repaired or replaced. As noted above, the applicant is required to attach "[a] copy of a receipt, invoice, or salvage certificate for each component replaced." The applicant must also certify that "this vehicle has been returned to road-worthy condition, by me or my agent, in accordance with all applicable laws and regulations." Finally,

the applicant is required to “verify that the information set forth herein is TRUE and CORRECT to the best of my knowledge, information, and belief.” (emphasis in original)

2. Enhanced Vehicle Safety Inspector’s Role and Responsibilities

The balance of the application is completed by the enhanced vehicle safety inspector who is required to physically examine the vehicle. First, he/she is required to verify the vehicle’s VIN to identify the actual vehicle in question. To that end, the enhanced vehicle safety inspector will note the date of the inspection and write out the entire VIN. He/she will also write his/her name, inspection station number and information, and sign the document. The enhanced vehicle safety inspector then finalizes the inspection by affixing a sticker to the application. This sticker is the same sticker that is placed on a vehicle’s windshield as part of an annual safety inspection. The sticker is cut in half; one half is attached to the application, while the other is affixed to the inspector’s logbook (MV-431). After completing the inspection, the enhanced vehicle safety inspector is likewise required on the third page to “hereby state that I have examined this vehicle and found it to be in road-worthy condition in accordance with all applicable laws and regulations.” As with the applicant, the enhanced safety inspector is likewise required to “state that the information set forth herein is TRUE and CORRECT to the best of my knowledge, information, and belief.” (emphasis in original)

A complete reconstructed title application must also include at least three sets of attachments. One is provided by the enhanced vehicle safety inspector; the others come from the applicant. The inspector is required to provide four photographs of the vehicle that show the front, rear, left, and right sides. These photographs must be signed and dated by the inspector. The applicant’s first attachments are the “receipt[s], invoice[s], or salvage certificate[s] for each component replaced” in the course of the reconstruction. While it is not necessary to attach

receipts for *repaired* components (such as labor for body work), repair estimates may be included so long as they are marked “paid” and are signed and dated by someone authorized by the repair facility. The applicant’s second attachment is the existing salvage title for the vehicle in question. If the vehicle has a Pennsylvania salvage title, it may be immediately processed. If the vehicle has an out-of-state salvage title, however, it cannot be processed in this manner. This appears to be at least partially due to the fact that some out-of-state salvage titles provide that the vehicle is to be used for “parts only.” These salvage titles cannot be the basis for a reconstructed title. In the case of such out-of-state titles, the entire application must be sent to PennDOT for review *before* a reconstructed title is issued, rather than the other way around. A Pennsylvania salvage title, therefore, is a significant advantage for those who wish to commit fraud. The Grand Jury found that this is an important distinction that ultimately helped facilitate a substantial amount of the criminal activity in this case.

These attachments are required for all applications, but others documents may also be necessary. For example, if an applicant has a power of attorney (“POA”) to permit someone to sign paperwork on his/her behalf, said document must be included. Finally, if the vehicle is being titled in the name of a dealership or other business, the title application must include proof of the existence of the business (such as documentation from the Pennsylvania Department of State) as well as authorization for the applicant to act on behalf of the business organization. The address listed on the applicant’s proof of identification “must be the same address listed on the title and/or registration application.”

The Grand Jury heard testimony that once the application is complete, a certified document reviewer is required to attest that he/she has examined the title application and all supporting documentation and found it to qualify for a reconstructed title. This person is

“trained to be able to go through and verify that all of the information that you’re supposed to have as part of your application package is there.” While this review can be completed by different people, the enhanced vehicle safety inspector is also permitted to fulfill this role. Such was the case for all of the title applications reviewed in the course of this investigation. The reviewer is required to “state that the information set forth herein is TRUE and CORRECT to the best of my knowledge, information, and belief.” (emphasis in original) All of the attestations on the MV-426B form - - by the applicant, enhanced vehicle safety inspector, and certified document reviewer - - are “made subject to the penalties of 18 Pa.C.S. §4904, relating to unsworn falsification to authorities.”

3. Tag Agent/Processor’s Role and Responsibilities

The application can be processed electronically through a local tag agent if the vehicle already has a Pennsylvania salvage title. These processors/tag agents are, like the enhanced vehicle safety inspectors, licensed by and contracted with PennDOT to provide these services. The processors/agents review title applications and documentation prior to submitting them to PennDOT. At the most basic level, the processors/agents ensure that the paperwork is completed, that the required signatures are present, and that the VIN number matches the VIN number on file. It is incumbent upon the agents to reject applications that have missing or incorrect information. After the application and attendant paperwork is processed, the applicant summary statement - - a form of a cover page - - is prepared and notarized by the processor/agent or another employee who is a certified notary public. This summary statement and the original paperwork are then signed, notarized, and mailed to an “integrator” for eventual scanning and filing with PennDOT. Integrators are third-party businesses that digitize the paperwork, allowing for the online and immediate processing of most title applications. As soon as the

documents are electronically filed, the application is accepted by PennDOT's system and a reconstructed title is already on the way to the applicant.

II. INSURANCE FRAUD INVESTIGATION

The Grand Jury learned that Brad Anderson, a senior investigator for Erie Insurance (S.I. Anderson), was assigned to investigate a claim for a November 1, 2019 vehicle accident involving Salazar Auto Sales (Inspection Station EE43) that was similar to other recent claims involving the dealership. S.I. Anderson testified that at the time of the accident, one of the involved vehicles displayed a Pennsylvania dealer license plate registered to Salazar Auto Sales. The vehicle's driver, however, was not listed as a named insured driver on the dealership's insurance policy. S.I. Anderson told the Grand Jury that the insurance policy for Salazar Auto Sales became effective on January 25, 2019 and Luis Salazar represented on the application that the dealership only had two full time employees/owners and one part time employee. Salazar and Rivera were listed as mechanics/salespersons and Cynthia Salazar was identified as a clerical employee. All three were listed as drivers for the company.

S.I. Anderson testified that he queried the Pennsylvania Department of State professional licensure database and discovered that 22 salespersons with active licenses were associated with Salazar Auto Sales, including the driver who was involved in the November 1, 2019 accident. S.I. Anderson testified that a policy applicant is required to list the names of all employees/drivers to be covered by the policy because the number of drivers, their backgrounds and their driving histories are important factors that Erie considers when making decisions with respect to coverage and premium amounts.

When reviewing an application, Erie also considers the number of license plates assigned to the dealership. In this case, S.I. Anderson noted that the policy for Salazar Auto Sales covered

six dealer license plates. The Grand Jury learned, however, that Salazar Auto Sales had actually obtained 38 license plates from PennDOT, including 14 dealer plates, 16 “RT” (repair and towing) plates and eight “WL” (salvage) plates. For each license plate, Salazar had submitted applications to PennDOT certifying that there was sufficient insurance coverage in place and that the policy covered the operations of the business. S.I. Anderson testified that the Erie policy application signed by Salazar falsely represented that the dealership’s business did not include salvage.

S.I. Anderson told the Grand Jury that during his investigation, he visited Salazar Auto Sales, located at 1857 W. King Street in York County. He stated that he observed numerous vehicles and vehicle parts in areas around the building and when he reviewed the dealership’s insurance claims history, he found approximately 500 claims associated with Salazar Auto Sales, most of which involved salvage vehicle purchases. S.I. Anderson testified that after he left the business, he contacted Erie’s commercial underwriting department and informed them of his findings. According to S.I. Anderson, underwriting employees confirmed that Erie would never have insured Salazar Auto Sales if it had been known that the dealership was involved with salvage purchases.

S.I. Anderson testified that when he returned to the dealership on December 2, 2019 to speak with Salazar, he observed stacks of out-of-state vehicle titles, including Massachusetts titles, on top of the desk in the office. Upon his arrival, Reyna Bonilla was sitting at a computer, entering vehicle titles into a database. It appeared that she was “transferring titles from out-of-state for salvage title or applying for salvage title in Pennsylvania.” Specifically, S.I. Anderson testified he observed Bonilla entering information from a Massachusetts title into the online PennDOT salvage title application system.

During the visit, S.I. Anderson interviewed Salazar, who admitted that approximately 95% of his business involved buying and selling salvage vehicles. Salazar stated that the licensed salespersons associated with Salazar Auto Sales conducted business under Salazar Auto Sales but he did not pay them. He informed S.I. Anderson that each salesperson paid \$100 for the use of a Pennsylvania dealer license plate assigned to Salazar Auto Sales and that whenever the salesperson purchased a vehicle, he or she would pay an additional \$100 to Salazar. Salazar advised that he would then obtain a Pennsylvania title for that vehicle in the name of Salazar Auto Sales.

The Grand Jury learned that Salazar admitted to S.I. Anderson that the majority of these title “flips” involved out-of-state salvage vehicles that he rarely, if ever, saw firsthand. Salazar advised that after he flipped an out-of-state title to a Pennsylvania title, he would mail the Pennsylvania title to the vehicle’s purchaser. He admitted that he had no control over the retitled vehicles after he had relinquished the title to the purchaser and that most of the retitled salvage vehicles were shipped out of the country to locations including Central America, Puerto Rico, the Dominican Republic, and Africa.

S.I. Anderson testified that Salazar admitted that he only provided the names of three drivers on the application for the Erie insurance policy despite knowing that additional drivers operated vehicles and utilized dealer tags. He explained that he lied on the application because he was aware that Erie would have charged a higher premium if he had provided the true number of drivers. S.I. Anderson advised Erie’s commercial underwriting department of his investigative findings and, on March 16, 2020, Erie cancelled Salazar Autos Sales’ insurance policy. The Grand Jury learned that the annual premium for 32 registered license plates and 22 drivers would have exceeded \$24,000. The dealership had only been paying \$5,000 per year in

annual premiums.

III. MASSACHUSETTS INVESTIGATION

The Grand Jury investigation revealed that certain Pennsylvania dealerships, including Salazar Auto Sales, participated in a scheme to illegally “wash” out-of-state salvage vehicle titles in Pennsylvania. Witnesses testified that authorities in Massachusetts received a suspicious influx of title applications in Massachusetts for vehicles previously titled as reconstructed vehicles in Pennsylvania.

Special Agent Jeremy Becker (SA Becker) of the Pennsylvania Office of Attorney General (OAG) testified that PennDOT officials were notified by the Massachusetts State Police (“MSP”) about the large number of suspicious reconstructed vehicle titles and he subsequently obtained information about 571 vehicles. Salazar Auto Sales had obtained a significant number of the reconstructed titles in question. SA Becker told the Grand Jury that he conferred with MSP Sergeant Michael Sargent, who advised that Massachusetts has a rigorous process for reconstructed vehicles and that MSP troopers are responsible for conducting all enhanced inspections of reconstructed vehicles at designated inspection stations around the state. The process requires vehicle owners to provide the inspectors with detailed documentation of repairs made and parts purchased for each reconstructed vehicle and that it can sometimes take weeks for a reconstructed vehicle to undergo repairs and successfully pass a Massachusetts enhanced inspection.

SA Becker testified that the MSP investigation revealed that certain Massachusetts used car dealers circumvented the system by sending salvage vehicle titles and an agreed-to payment amount to willing Pennsylvania dealers, including Salazar Auto Sales. The Pennsylvania dealers would first “flip” the out-of-state salvage titles to Pennsylvania salvage titles, then to

Pennsylvania reconstructed titles. Sgt. Sargent advised that once a Massachusetts dealer received the Pennsylvania reconstructed title, the dealer could re-title the vehicle in Massachusetts, sell it, or ship it overseas. According to Sgt. Sargent, the dates on the title paperwork typically covered a very short time-span such that it would have been virtually impossible for the salvage vehicle to have been transported from Massachusetts to Pennsylvania and back again. SA Becker cited an example of such a transaction provided by Sgt. Sargent. The paperwork indicated that Salazar Auto Sales purchased a salvage vehicle from Massachusetts on October 10, 2018 and then the vehicle was sold to a Massachusetts buyer two days later. The Pennsylvania application for reconstructed title indicated that the vehicle underwent an enhanced inspection in Pennsylvania on October 23, 2018, approximately one week after Salazar Auto Sales allegedly sold the vehicle to the buyer in Massachusetts.

Rodolfo DeJesus, the owner of Import Auto Sales in Lawrence, Massachusetts, testified before the Grand Jury. He stated that in 2016 or 2017, a large number of flood-damaged vehicles became available for purchase at auctions. DeJesus recalled that he had a large inventory of these vehicles, which he planned to fix and re-sell. According to DeJesus, another Lawrence, Massachusetts car dealer told him that he could get the titles to the flood-damaged vehicles “flipped” to Pennsylvania reconstructed vehicle titles. In order to accomplish this, DeJesus was advised that he should provide the other dealer with \$550 in cash, along with title paperwork to the flood-damaged vehicle and photographs of the vehicle. The other dealer then would send the money and paperwork to a person in Pennsylvania and DeJesus would subsequently receive a Pennsylvania reconstructed title for the vehicle. DeJesus testified that he never transported any vehicles to Pennsylvania. He told the Grand Jury that this practice of “flipping” salvage titles through Pennsylvania was common practice at the time among used car dealers in his area and

that he came across Luis Salazar's name in conjunction with the "flipping" scheme. SA Becker testified that 113 of the 571 titles identified in the MSP investigation were linked to Salazar Auto Sales. He stated that Sgt. Sargent provided him with Massachusetts and Pennsylvania title histories that clearly connected Salazar Auto Sales to the washing of Massachusetts salvage vehicle titles. SA Becker testified that a review of the title histories revealed that Massachusetts used car dealers had re-assigned vehicles to Salazar Auto Sales. Additionally, the title paperwork showed that MV-6 and MV-426B forms were completed to obtain Pennsylvania salvage and reconstructed titles in the name of Salazar Auto Sales. These forms were completed and submitted to PennDOT with both Rivera and Salazar verifying that the vehicles had been inspected at Inspection Station EE43 and that the vehicles had been returned to road-worthy condition. Subsequently, the reconstructed titles were assigned by Salazar back to Massachusetts dealerships, including Import Auto.

Rivera, Salazar's partner, testified before the Grand Jury. Rivera acknowledged that Pennsylvania law does not permit him to sign title paperwork as the enhanced inspector of a vehicle that was not actually inspected in person and he admitted that he had signed title paperwork as the enhanced inspector of a vehicle that he had never seen.

SA Becker testified that according to Sgt. Sargent, the significant increase in the number of Massachusetts title applications for vehicles with Pennsylvania reconstructed titles prompted the Massachusetts Registry of Vehicles (RMV) to take action. During the spring or summer of 2021, the RMV stopped accepting any new title applications for vehicles with Pennsylvania reconstructed titles.

Special Agent Kathryn Grady (SA Grady) of the OAG Financial Crimes Section testified before the Grand Jury that she analyzed financial transactions set forth in the Members 1st

Federal Credit Union (Members 1st) records for the business accounts of Salazar Auto Sales. She also reviewed the Members 1st personal bank account records for Salazar and his wife. SA Grady identified a number of transactions in which Square or Cash App was used to deposit money into the aforementioned accounts. Agent Grady explained that Square and Cash App are electronic applications (apps) that a person can access from his or her smart phone. The apps enable the user to electronically transfer money or make payments from his or her account to another user's account.

SA Grady testified that she obtained the Square account records belonging to Salazar Auto Sales and Luis Salazar from January 2019 through the first part of 2022. She reviewed the records and found payments totaling \$8,130 made from Rivera's Square account to the Square personal account of Salazar. Some of the transaction records contained notations, indicating that the payments pertained to Massachusetts vehicle titles.

SA Grady also testified that she found a total of \$5,939 in payments into Salazar's personal Square account from an account belonging to an individual whose name matched that of a Massachusetts used car dealer. These Square transactions occurred on dates from 2019 through 2022, indicating that the Massachusetts car dealer and Salazar maintained a business relationship after Salazar Auto Sales closed in 2020.

IV. N&G TOWING SHOP AND SALES, LLC

SA Becker testified that his investigation revealed that after Erie cancelled the insurance policy in early 2020, Salazar Auto Sales subsequently stopped operating at 1857 W. King Street; however, Inspection Station EE43 subsequently relocated to 1710 Virginia Avenue in Dover, York County. This is the address of N&G. SA Becker testified that Department of State documents showed that Salazar became the owner of N&G and that he subsequently submitted

documents to PennDOT on behalf of N&G to obtain 14 dealer license plates. Salazar's signature also appeared on a PennDOT application to renew ten repair and towing (R&T) tags registered to N&G.

November 9, 2020 Audit

Kristin DeFrehn appeared before the Grand Jury and testified that she works as a Quality Assurance Officer for Parsons, a company contracted with PennDOT to conduct periodic audits of Pennsylvania vehicle inspection stations in certain counties, including York. She stated that on November 9, 2020, she went to N&G and determined that Inspection Station EE43 was operating out of the 1710 Virginia Avenue location. During her inspection, she discovered that the PennDOT certificate of appointment for the station contained outdated ownership information and that the certificate of insurance at the site was not current. DeFrehn told the Grand Jury that she then conducted a safety audit and discovered that the inspection station lacked certain required tools. She subsequently contacted her supervisor who advised that all inspections at EE43 should stop until the problems were corrected. DeFrehn confiscated the station's emissions and safety inspection stickers. The station was subsequently approved to resume safety inspections on November 23, 2020.

March 20, 2021 Audit

On March 20, 2021, DeFrehn subsequently returned to conduct a safety audit and she found that the station still lacked certain tools required for enhanced vehicle inspections. She also found additional violations, including "improper and careless recordkeeping." DeFrehn explained that only inspections of cars and light trucks were permitted at the location; however, despite that restriction, when she reviewed the inspection record book (MV-431), she discovered entries for motorcycles, trailers and heavy trucks. Moreover, DeFrehn told the Grand Jury that

she found evidence that many applications for reconstructed vehicle titles listed Salazar as the enhanced inspector and Salazar Auto Sales as the applicant. This was a problem, according to DeFrehn, because an enhanced inspector is not permitted to inspect a vehicle that he, or his dealership, also owns.

DeFrehn told the Grand Jury that her supervisor instructed her to confiscate the MV-426B applications and MV-431 logbooks and bring them back to the office for further review. The reviewers ultimately found that Salazar Auto Sales was listed as the applicant and Salazar identified as the enhanced inspector for approximately 636 vehicles.

The violations discovered during the March 10, 2021 inspection prompted PennDOT to suspend Salazar as an inspector and to suspend inspections at the station for ten months, effective April 1, 2021. Those privileges were subsequently restored on May 3, 2021, pending an appeal of the suspensions. According to the PennDOT documents, the parties ultimately agreed to credit Salazar and his business with eight months toward the suspension and that the remaining two month period of suspensions would be effective on February 3, 2022.

Video Surveillance November 2021 to March 2022

The Grand Jury learned that a stationary pole camera was installed across from N&G on November 4, 2021. SA Becker testified that he obtained a list of the N&G vehicle transactions from November 4, 2021 through March of 2022 and the report indicated that 806 vehicle transactions had occurred during that time period. He informed the Grand Jury that the number represented a “significant” amount of activity for a small dealership with a single bay garage that did not have a hydraulic lift. Upon reviewing the PennDOT report, SA Becker identified certain dates when a high number of enhanced inspections were purportedly conducted at N&G. This

information was compared with the evidence captured via the pole camera which revealed great discrepancies:

DATES	ENHANCED INSPECTIONS REPORTED TO PennDOT	ACTUAL INSPECTIONS CAPTURED BY SURVEILLANCE
Weekend of December 11-12, 2021	10	1
December 27-28, 2021	27	1

R-Title Documents v. Video Surveillance

SA Becker obtained and reviewed the title histories for the reconstructed vehicles that purportedly underwent enhanced inspections during the time period when the pole camera at N&G was active. Many of the titles originated with Massachusetts titles and several of the photographs that were attached to the applications contained inconsistencies such as leaves on the trees when the alleged inspection purportedly occurred in December, and included various parking lots and backgrounds that did not match the location at 1710 Virginia Avenue. A majority of the applications listed Cynthia Salazar as the applicant on behalf of N&G and contained her signature attesting that the information was true and correct. Additionally, on a majority of the applications, Luis Salazar was listed as the enhanced inspector, verifying that the information was true and correct.

The Grand Jury was provided information regarding documentation of eight vehicles that were alleged to have gone through the reconstructed vehicle process on December 31, 2021. SA Becker testified that none of the following vehicles appeared in any of the footage from December 31, 2021.

Date	Vehicle Make	VIN	Applicant	Signature on MV-426B application	Enhanced Inspector
12/31/21	Freightliner truck	WDYPE8CC2D5778866	N & G	C. Salazar	L. Salazar
12/31/21	Subaru	4S3BNAB61K3035875	N&G	C. Salazar	L. Salazar
12/31/21	Ram truck	ZFBERFAB7J6J73739	N&G	C. Salazar	L. Salazar
12/31/21	BMW	WBA3B9C57FJ466365	N&G	C. Salazar	L. Salazar
12/31/21	Chevrolet Cruze	1G1BE5SM2H7198292	N&G	C. Salazar	L. Salazar
12/31/21	Chevrolet Truck	1GC1KVE82GF164271	N&G	C. Salazar	L. Salazar
12/31/21	Honda CRV	2HKRM4H77EH629964	N&G	C. Salazar	L. Salazar
12/31/21	Mercedes	4JGBF7BE6CA780900	N&G	C. Salazar	L. Salazar

April 18, 2022 Audit

The Grand Jury heard testimony that on April 18, 2022, Troy Roadcap,¹ a PennDOT dealer auditor and two Quality Assurance Officers conducted an audit of N&G and, at that time, Roadcap asked Luis Salazar to produce records of enhanced inspections conducted between December 8, 2021 and February 1, 2022. Roadcap testified that he took copies of the MV-426B applications for reconstructed titles and MV-431 inspection record books back to PennDOT's headquarters for review. The MV-431 inspection record book revealed inspection stickers signed by Salazar and Rivera, each affixed to entries on the pages. Roadcap noted that all but one of the Rivera log entries pertained to vehicles owned by Beltin Auto. Rivera testified that he and his wife, Reyna Bonilla, are the owners of Beltin Auto.

A. MV-426B Photos v. VIN Search Results

SA Becker told the Grand Jury that he reviewed copies of the MV-426B reconstructed vehicle title application paperwork seized from N&G by PennDOT during the agency's April 18, 2022 audit. SA Becker paid particular attention to the vehicle photographs attached to the

¹At the time of his testimony, Roadcap had recently retired from his position as Field Operations Manager of PennDOT's Vehicle Inspection Division.

applications and noted that a number of the pictures did not appear to have been taken at N&G on the purported inspection dates. SA Becker selected specific MV-426Bs and conducted an internet search of the vehicle VIN listed on each of the applications. By doing so, SA Becker was able to locate photographs of the vehicle associated with each VIN. He then compared the photographs with the pictures attached to the corresponding MV-426Bs. There were discrepancies. SA Becker reviewed his findings with the Grand Jury, which included the following:

- A 12/9/21 MV-426 B for N&G for VIN 1B3HE78K67D297508 contained photographs of a Dodge Dakota truck but a search of the VIN revealed a Dodge Caliber;
- A 12/10/21 MV-426 B for N&G for VIN 1FAFR40434F127589 contained photographs of a dark colored, newer model Ford Mustang but a search of the VIN revealed a white 2004 Mustang with a racing stripe;
- A 12/11/21 MV-426B for N&G for VIN 2HGFC3B73GH354258 contained photographs of a dark-colored Honda Accord but a search of the VIN revealed a lime green Honda Civic;
- A 12/11/21 MV-426B for N&G for VIN 5LMCJ2D9XKUL01524 contained photographs of a black Lincoln Navigator but a search of the VIN revealed a 2019 Lincoln MKC;
- A 12/11/21 MV-426B for N&G for VIN 2HGFA1F56AH570759 contained photographs of a white Honda but a search of the VIN revealed a different colored Honda, with a different grill;
- A 12/28/21 MV-426B for Beltin for VIN 7HGCR2F38GA233274 contained photographs of a Honda Accord but a search of the VIN revealed a sports edition Honda with a spoiler and after-market rims; and
- 2/1/22 MV-426B for N&G for VIN JHHHDM2H7HK002326 contained photographs of a large box truck but a search of the VIN revealed a truck with a much smaller bed. SA Becker also testified that he reviewed the N&G pole camera footage taken on the purported inspection date and observed no box truck.