

2004 IAMI MARINE INVESTIGATOR OF THE YEAR NOMINATION

Investigator's Names: Marine Deputy Tom Turk
Sergeant Pat Rowland

Agency: Jackson County Sheriff's Office
Marine Patrol Unit
Medford, Oregon

Investigation: Boat Manufacturer's Watch Out! There's a New Sheriff in Town

After receiving information from previous employees about switched Hull Identification Numbers (HINs) and multiple Manufacturer Statement of Origins (MSOs) and invoices, investigators began confirming the information they were given. Confident they were on the right trail; investigators began to interview concerned citizens and confidential informants within the boating community.

Investigation revealed that previously registered "used" jet boats were being sold as "new" and/or demo boats to victims in the states of California, Washington, Idaho, Montana and Nevada. The boat manufacturer was covering up the original HIN by placing an aluminum plate over the original stamped number. This new HIN was reflected in a new MSO, eliminating any title history on the boat. Furthermore, the manufacturer in most cases did not change the confidential HIN. Since these States have no HIN inspection program, the boats have been registered. In some cases, the new HIN did not even meet the current format.

The boat manufacturer has made multiple MSO's on boats. They would turn these MSO's over to financial institutions and private individuals to obtain money for their operation. Many times, both parties lending money on the same boat because they each believe their loans were secured.

The investigation is being investigated under the RICO (Racketeering Influenced Organized Crime) statutes which fall under the Oregon State Organized Crime Control Act. The criteria for RICO are an enterprise with more than one participant and multiple charges and victims.

Victims include:

- Financial Institution lending money on boats under construction.
Estimated loss at present: \$1.2 Million
- Lending Institution lending money on used boats that were represented as new.
Estimated loss of revenue at present: \$400,000.00
- Private individual lending money on boats under construction.
Estimated loss at present: \$150,000.00
- Estimated at least 50 boat owners that purchased and financed new boats that were actually used and/or demo boats.

Out of the approximately 350 boats assigned HIN number(s) from this factory, investigations has revealed that only about 225 of these boats actually exist. The other boats have had previously issued HIN numbers changed and were "REBORN" as new boats.

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The most recent example of this practice took place the week of August 16, 2004:

The owner of a boat took it to the factory for warranty work. While the boat was in the factory, the engine and jet drive were replaced with a smaller used engine and jet drive. The serial number (HIN) was altered and the boat was given a new MSO. The boat was "reborn" and sold to an independent dealer for \$40,000.00. This dealer placed an ad for the boat over the internet. Sgt. Rowland and Deputy Turk contacted the dealer and posed as potential buyers for the boat. Undercover and armed with a search warrant, they went to the dealer's home and inspected the boat and found the switched hull numbers. The "new" visible HIN was pop riveted over the existing original HIN and the new "confidential" HIN was placed in the upper engine compartment in plain view. Further inspection revealed the original "confidential" HIN was still intact. The boat was seized and they later found that the financial institution that dealt with the factory has also loaned money on this boat through the use of a 3rd "original" MSO. In total, the boat had originally been sold for \$40,000, the dealer paid an additional \$40,000 for the same boat with a different HIN number and the Bank was loaning money on the phony HIN to have the boat built. The boat generated \$120,000.00 total.

This is an ongoing investigation which could total a loss of approximately \$3.5 Million.

Key Factors Leading To Success:

- This is an excellent example of the importance of IAMI training and contacts. Titling and registration records are sometimes your best source for obtaining evidence. Investigators used the original documents containing original signatures to prove their case.
- Because this investigation involves boats in different state jurisdictions, investigators have relied on outside agencies to inspect, recognize and report inconsistencies in the title, registrations, and HIN formats.
- Also, a solid understanding of the HIN format; knowledge of engine primary and secondary numbers; taking advantage of available data bases including the Internet and IAMI contacts.
- Cooperation between law enforcement and marine professionals in gathering evidence and documenting the crime.

Suggestions to Other Investigators:

- This case required a lot of attention to detail and had to be built backward. Victims had to be identified and located.
- Patience and determination ultimately will play a big part in the future success of this ongoing investigation.
- The investigation is an example of a multifaceted and complicated fraud scheme undertaken by a team of investigators who had to use several contacts within IAMI to draw upon expertise at a national level. Due to the assistance of IAMI members in California, Nevada, Oregon and Washington States and numerous criminal and civil offenses were identified.