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Back from the dead

July 14, 2007

Sydney is the capital of a booming criminal trade in cars that have been rebirthed, writes Jordan Baker.

GERRY GRIMES thought he had found a bargain. After hunting through the Trading Post, the painter came across a Commodore station wagon perfect for work. It had had one female owner, was just two years old and had been given the all-clear by the NRMA and debt authorities.

Even better, he managed to negotiate the price down to \$18,000.

But a year-and-a-half later, Mr Grimes was shocked to find two police officers on his doorstep with a warrant. They told him he might have fallen victim to a form of organised crime that stretches beyond car theft into drugs, prostitution and extortion.

The detectives took his car, and after more than a month of tests identified it as stolen. "They proved the car was part of the rebirthing racket," Mr Grimes said. "They knew where the main chassis of the car had originated from."

Although he thought he had insured the vehicle, called in a mechanic and checked for any remaining debt, Mr Grimes did not have a legal leg to stand on. He had no claim to the car or anything he paid for it.

He ended up buying the car all over again, this time from the insurance company, and footed the bill for damage caused by a police angle grinder.

Anyone who buys a car privately could find themselves in the same situation.

Most stolen cars are the random targets of joy riders or petty thieves. Those cars are usually dumped and eventually found. But some, like Mr Grimes's station wagon, have fallen to a highly skilled, targeted rebirthing operation.

Sydney is the national capital of car rebirthing, the science of turning a stolen car into a legitimate one. Although overall car theft is falling, rebirthing rates are steady and anyone who buys a car privately is vulnerable.

The Australian Crime Commission, which combats organised crime, is running a special intelligence operation on serious and organised fraud, including vehicle rebirthing, said the chief executive, Alastair Milroy.

Responsibility for cracking down on rebirthing in NSW lies with the Property Crime Squad but as many of those who specialise in this crime are of Lebanese descent, the Middle Eastern Crime Squad is also intimately involved.

Police in Bankstown, a hot spot for vehicle theft, this week dragged dozens of vehicles from the Georges River at Georges Hall. Some had been abandoned but some were identified as the byproducts of rebirthing rackets.

The investigation is continuing, and the local area commander, Dave Darcy, said: "We are quite confident that arrests will follow."

Rebirthing is a big business but often only one arm of a sprawling criminal corporation.

Its ringleaders can also have links to drug dealers, extortionists and fraudsters. The businesses work together. For example, young people employed to steal cars are paid with drugs and prostitutes, and receipts for parts are forged.

There are dozens of rebirthing rackets in Sydney but the city's south-west is the epicentre.

Methods vary but a common one involves written-off wrecks being legitimately bought, for a small fraction of their original price, at auction. For each wreck, rebirthers will arrange for car thieves to steal another of the same type. Complicit panel beaters repair the damage to the write-off using untraceable parts from the stolen vehicle. The finished product is sold at market price through classifieds, complete with a legitimate vehicle identification number. Sometimes, a legitimate identification number is transferred onto a stolen vehicle.

The profit on older vehicles is not huge but high turnover generates a steady income. A few of the cars are shipped overseas, mostly to the Middle East.

In the 12 months to March, 62,973 vehicles were stolen in Australia. Of those, 14,435 were not recovered. Of 23,929 vehicles stolen in NSW, 6629 - more than a quarter - were not recovered.

Thanks to anti-theft technology, the theft rate of new cars has fallen. Australia used to be the second-worst developed nation for car theft. It is now the fifth-worst. But the mix has changed: older vehicles are less likely to be recovered.

"Does that mean they're simply dumped?" asked Geoff Hughes, of the National Motor Vehicle Theft Reduction Centre.

"Or are they being stripped to keep other old vehicles going? That's what we suspect is more likely the case.

"We're concerned there are some rogue truck operators just picking up old cars off the street and selling them for scrap metal. For a medium-sized car you're up for \$250 a pop."

Mr Hughes estimated rebirthing in Australia cost \$500 million a year.

"People involved in these sorts of rackets are into every other major criminal activity as well," he said. "There's lots of cross-subsidisation. They operate through loose associations with criminal networks.

"They use a tactic called compartmentalisation. They break down elements, so no one is responsible for the whole chain of events. They might actively recruit proficient juvenile thieves [to steal the cars]. It displaces their risk."

Authorities are trying to crack down. The sale of statutory (too badly damaged to be repaired) write-offs has been banned, and a national wrecks register keeps track of "reparable" write-offs, the only sort that can be sold.

"There is still a weakness in the system," Mr Hughes said. "It's using stolen parts to rebuild a reparable write-off. The registration authority has to prove receipt but now it's not hard to produce fraudulent receipts."

Mr Hughes said the centre had encouraged insurers to investigate the feasibility of banning the re-registration of all written-off vehicles. Rather than selling the bodies at auction, they would only be used for parts.

"That would remove this whole avenue of using those vehicles," he said.

Another possibility is improving the way cars and their components are identified. One option is new technology involving so-called micro dots. A spray scatters dots with tiny identification numbers across all engine parts.

Some manufacturers, such as Subaru, already use it. But other mass producers say the process is too slow: it takes seven minutes to manually spray a car. At Toyota, new vehicles are coming down the line every three minutes.

"The most baseline thing we would like to see Australian manufacturers do is adopt a secure compliance label, and that's moving from a metal plate including a vehicle's key identifiers to a secure, tamper-proof plastic label," Mr Hughes said.

Yesterday NRMA Insurance called on the car manufacturers Ford, Holden, Mitsubishi and Toyota to use self-voiding compliance plates that have a scrambled image that is "impossible to counterfeit".

The labels cost about \$2 each, the insurer said.

"Some car makers have got no security features on their compliance plates," said Robert McDonald, head of research for NRMA Insurance. "Ford, Holden and Toyota use a very simple label which offers no benefit over the traditional aluminium label. A 14-year-old with a printer could make one up."

In the meantime, people buying privately should remember the maxim "buyer beware". Watch out for people selling the car on behalf of a relative, those who do not have logbooks or those who have owned the car briefly.

Mr Hughes wonders if it is worthwhile buying privately at all.

"You're buying a lot of risk," he said. "If you buy from a dealer you are protected from an industry guarantee fund. Dealer networks' used cars are more affordable than they have ever been."

Mr Grimes certainly learned from the experience. His \$18,000 car ended up costing him far more. Almost 10 years on he is still wary.

"In my case we had done all that sort of stuff [like checking with the Register of Encumbered Vehicles], and it didn't protect us," he said. "I would be very hesitant to buy privately."