



Predatory Towing Practices and Fraud

Margie Coleman
Special Agent, Midwest Region

October 2024



Agenda

- Towing 101
- Illinois Regulation & Enforcement
- Forms & Fees
- State Agencies & City Council
- NICB Case
- What Can We Do?

Towing 101

Getting to the Accident Scene:

- Listening to scanners or tipped off
- Racing to the scene
- Sometimes aggressive confrontations between towers, including shootouts

Towing 101

At the accident scene:

- High pressure tactics to agree to the tow
- Deceptive tactics including contending the tower was sent by insurance or the police
- Steering to body shops
- Steering to attorneys/medical providers

Towing 101

At the tow yard or body shop:

- Vehicle towed to an obscure or out-of-the-way tow yard, sometimes with very limited or inconsistent hours
- Vehicle taken to a body shop, and at times begins unauthorized repairs

Towing 101

Common bill-inflation tactics:

- Use or claiming use of highly specialized tow equipment for routine tows.
- Inflated per-mile fees
- Vague, questionable add-on fees (e.g. gate fees, hazardous clean-up fees, transfer fees, administrative fees, etc.)
- Running-up storage fees by moving vehicle to other yards, holding inconsistent hours, not returning calls, not notifying insurers/policyholders of vehicle possession, imposing unnecessary hurdles on taking possession of vehicle (e.g. requiring renting a forklift to move vehicle).
- Commencing unauthorized repair work.

How many traffic accidents occurred in Chicago in 2023?



115,708

Illinois State Law

625 ILCS 5/18d-120

As a customer, you also have the following rights under Illinois law:

(1) This written disclosure must be provided to you before your vehicle is towed, providing the business name, business address, address where the vehicle will be towed, and a reliable telephone number;

(2) Before towing, you must be advised of the price of all services;

(3) Upon your demand, a final invoice itemizing all charges, as well as any damage to the vehicle upon its receipt and return to you, must be provided;

(4) Upon your demand, your vehicle must be returned during business hours, upon your prompt payment of all **reasonable** fees;

(5) You have the right to pay all charges in cash or by major credit card;

(6) Upon your demand, you must be provided with proof of the existence of mandatory insurance insuring against all risks associated with the transportation and storage of your vehicle.

Tow Trucks

State Regulation: “Reasonable Fees”

First Tow Truck on Scene

Incomplete or blank pre-tow disclosure form

VEHICLE OWNER/OPERATOR PRE-TOW DISCLOSURE

SAFETY RELOCATOR INFORMATION
 Date: 8/5/22 ILEC Number: 237609

Address: [Redacted]

Address of the location to which the vehicle will be relocated: [Redacted]

Pursuant to the Illinois Commercial Safety Towing Law, a commercial vehicle safety relocater shall not commence the towing of a damaged or disabled vehicle until providing the vehicle owner or operator (or law enforcement agency or insurance company) with the disclosures set forth herein. An itemized description of the owner or operator's rights under this Law is as follows:

NOTIFICATION OF CUSTOMER RIGHTS
 *As a customer, you also have the following rights under Illinois law:
 (1) This written disclosure must be provided to you before your vehicle is towed, providing the business name, business address, address where the vehicle will be towed, and a reliable telephone number;
 (2) Before towing, you must be advised of the price of all services;
 (3) Upon your demand, your vehicle must be returned during business hours, upon your prompt payment of all reasonable fees;
 (4) Upon your demand, you must be provided with proof of the existence of mandatory insurance insuring against all risks associated with the transportation and storage of your vehicle."

If the vehicle owner is incapacitated, incompetent, or otherwise unable to knowingly accept receipt of this Disclosure, the commercial vehicle safety relocater shall provide a completed copy of the Disclosure to local law enforcement and, if known, vehicle owner or operator's automobile insurance company.
 If the commercial vehicle safety relocater fails to comply with the requirements of the Law, the commercial vehicle safety relocater shall be prohibited from seeking any compensation whatsoever from the vehicle owner or operator, and any contracts entered into by the commercial vehicle safety relocater and the vehicle owner or operator shall be deemed null, void, and unenforceable.

Vehicle Owner/Operator Information (Please PRINT CLEARLY)
 Name: [Redacted] State: IL
 Address: [Redacted]

Vehicle Information
 Make: Cadillac Model: Escalade 600 Year: 2021

Cost of all relocation, storage, and any other fees, without limitation, are to be listed below

Towing 1 day per storage	\$ 950/250
Truck home 1 fuel charge	\$ 500/600
aca 0.95 / missing 7.95	\$
labor 9.95 / lunch 8.75	\$
special permit 9.95 Hazard Spd 72	\$
	\$
	\$
	\$
Estimated Disclosure Total	\$ pending

Is the vehicle owner/operator incapacitated? (Circle Yes or No)
 Yes Copies of form given to: _____ and _____
 No (sign below)

Tow Truck Driver: [Signature]

Forms

Sample of Pre-Tow Disclosure

- Not legible
- Blank amounts
- Estimated total "pending"

What does it cost?

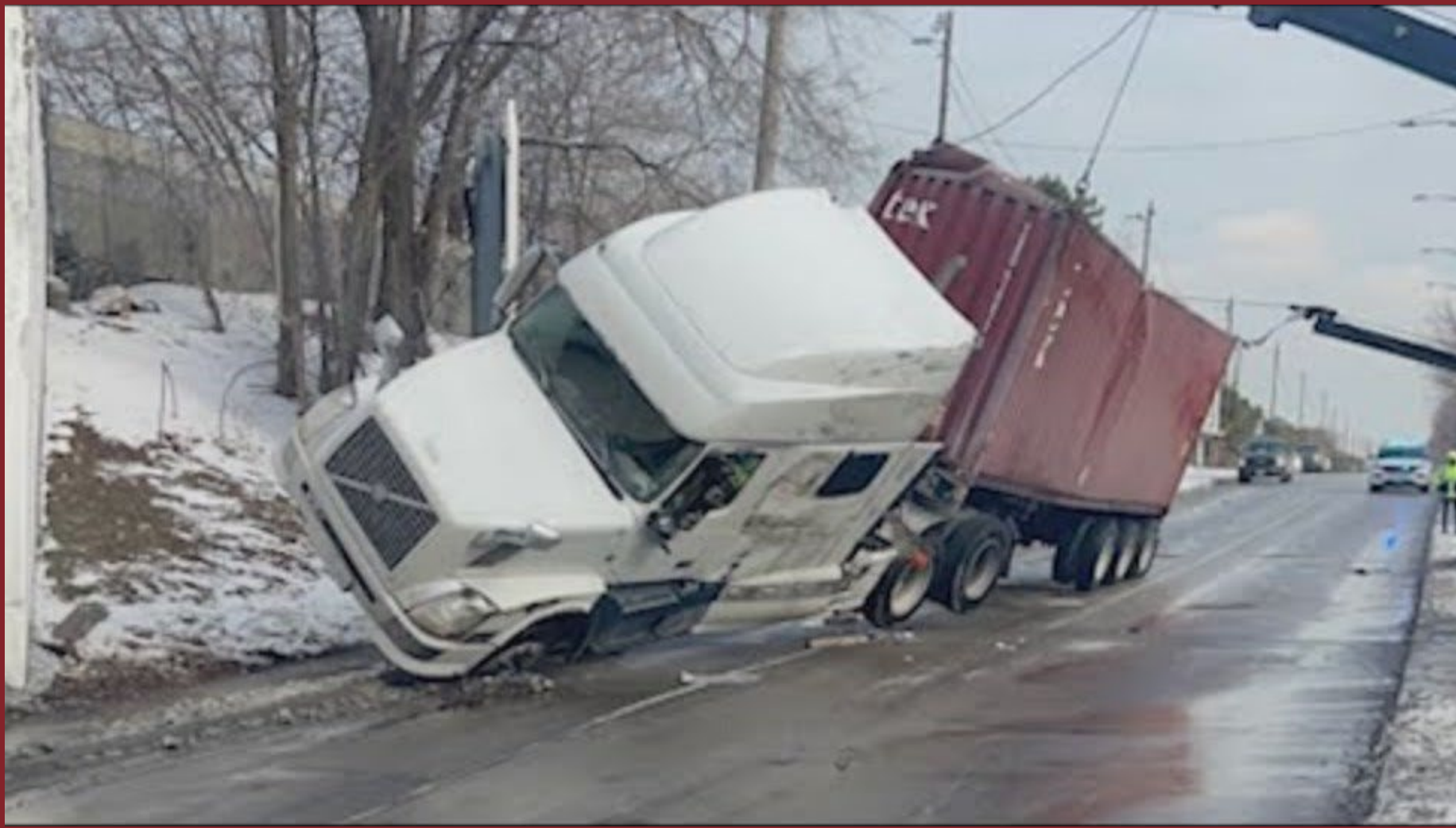
In 2024, tow bills have ranged from \$2K up to \$14K.

One towing company has charged a total of \$78K and another \$76K so far this year.

In 2023, the same tow companies charged \$454K and \$330K respectively.

Member companies may pay the full amount (in cash); negotiate the fees; or they abandon the vehicle all together.

Semi Trucks



City of Chicago fees:



The Municipal Code of Chicago (9-92-080 M.C.C.), such charges are as follows:



Towing: \$150 for vehicles under 8,000 pounds, \$250 for vehicles with a gross weight of 8,000 pounds or more.



Storage: \$20 per day for the first 5 days then \$35 per day every day after the 5th day for vehicles under 8,000 pounds, \$60 per day for the first 5 days then \$100 per day every day after the 5th day for vehicles with a gross weight of 8,000 pounds or more.

Illinois Commerce Commission (ICC)

- Through its Bureau of Transportation, the Commission oversees public safety and consumer protection programs with regard to intrastate commercial motor carriers of general freight, household goods movers, relocation towers, safety towers, personal property warehouses and repossession agencies.

Illinois Commerce Commission (ICC)

- **625 ILCS 5 - Illinois Vehicle Code.**
 - 625 ILCS 5/18a - Illinois Commercial Relocation of Trespassing Vehicles Law
 - 625 ILCS 5/18c - Illinois Commercial Transportation Law
 - 625 ILCS 5/18d - Illinois Commercial Safety Towing Law

BACP- Business and Consumer Protection

- Enforces towing violations in Chicago
- Tow trucks are not allowed to solicit tow at accident scenes
- Tows must have a city license



Chicago City Council



Chicago City Council meeting to discuss towing and a possible tow rotation



Chicago to handle all tows in the city



Further discussions are being held

Chicago City Council



Chicago Towing Case

Tow truck drivers allegedly take vehicles from Lower Wacker where they are staged for insurance companies to pick up.

Towing



Case history



Accident occurs on Lake Shore Drive, vehicle relocated to Lower Wacker while Insurer orders tow. POD video captures white Ford Pickup truck and backs up with tow bar lowered and tows vehicle. No one ever gets out to verify VIN



Insurer tow arrives and finds the vehicle gone. Vehicle owner learns another company towed her vehicle and calls them requesting receipt or invoice stating that Insurer dispatched them.

Company stated they don't have to show her anything and that she must pay, or they will keep her car and auction it (\$6,835.50).



Vehicle owner reports vehicle stolen with Chicago Police



Tow bill is rising to \$7,251.91 and Insurer pays to prevent further charges.

Towing

- Search Warrant executed on cell phone
 - From this LE saw photos on Lower Wacker and text stating “which car should we take?” They utilized an app that would tell them what insurance company was involved.
- They apparently focused on who would pay more and pay out
- From this information, a Search Warrant was then executed on a tow lot in Harvey, IL
- 11 reported stolen vehicle were recovered and returned to lawful owners or NICB member companies

Towing

Indictments

JW: 18 counts that include: 1 Aggravated Possession of Stolen Motor Vehicle; 7 Vehicle Theft Conspiracy; 10 Possession of Stolen Motor Vehicle

KC: 16 counts that include: 1 Aggravated Possession of Stolen Motor Vehicle; 7 Vehicle Theft Conspiracy; 8 Possession of Stolen Motor Vehicle

Towing license revoked by ICC.

Different name, same players

- ICC revoked license on July 29, 2024
- All have the same registered person with the Illinois Secretary of State's Office. They allegedly do not pay the citations with the ICC and can create new LLC's.

“Turf Wars”

- Tow truck rivalry
- Law Enforcement intelligence shows 3 incidents of shootings between tow truck drivers in one week



What can we do?

- Training for officers
- Public Awareness
 - PSAs
- City Council
- Government Affairs/Legislative Changes

Chicago Towing Laws Background

2021

- NICB testified before the Chicago City Council
- City Council adopts towing ordinance
- Gaps:
 - Lack of enforcement
 - No tow rotation – state law exemption

2022

- NICB collaborated with Enterprise and Illinois Insurance Association
- State legislative changes:
 - Removed Chicago's exemption from state's towing rotation law
 - Bill required towers to submit info on towed vehicles to statewide database
 - Bill enacted but the database provision was stripped prior to passage

2024

- NICB working Chicago with Enterprise and APCIA
- Rotation program proposal: not ideal but better than existing
- Building a coalition of business support: IL Chamber; CHI Land Chamber; IL Manufacturer Association
Trucking Association

Michigan Update

- State Bill expected to be introduced before year end
- Comprehensive Towing Rewrite
- Support:
 - Detroit Mayor
 - Michigan Attorney General
 - Michigan Insurance Commissioner
 - to support Working to get AG to support
- NICB working with Enterprise and state trade

Virginia Towing Update

- NICB-Initiated Coalition
 - Member Insurers
 - Rental Car Members
 - APCIA
 - Trucking Industry
- Supported two bills prohibiting accident scene solicitations
 - SB 94
 - HB 1073
- Successfully defeated adverse legislation
 - Would have created a towing fee advisory board
 - Would have largely consisted of towing industry members
- Joint Coalition Letter to State Corporation Commission
 - Request to expand study on private property towing fees
 - Ask was to include fees related to accident-scene tows
- Coalition working with VDOT
 - Reform tow rotation program
 - Crack down on predatory towing and exorbitant fees

Other State Legislative Activity

Mississippi

- Towing reform bill
- NICB (Eric De Campos) Chairing a Coalition of Partners

Kentucky

- NICB working with IIKY

Thank You

Special Agent Margie Coleman
mcoleman@nicb.org