
SENATE COMMITTEE ON PUBLIC SAFETY

Senator Steven Bradford, Chair
2021 - 2022 Regular

Bill No: AB 2407 **Hearing Date:** June 28, 2022
Author: O'Donnell
Version: June 8, 2022
Urgency: No **Fiscal:** Yes
Consultant: SC

Subject: *Vehicle tampering: theft of catalytic converters*

HISTORY

Source: Author

Prior Legislation: SB 366 (Umberg), Ch. 601, Stats. 2021
SB 627 (Calderon), Ch. 603, Stats. 2009
SB 691 (Calderon), Ch. 739, Stats. 2008
SB 844 (Berryhill), Ch. 731, Stats. 2008

Support: Alliance for Automotive Innovation; City of Clovis; City of Downey; City of El Segundo; City of Elk Grove; City of La Mirada; City of Lakewood; City of Menifee; City of Paramount; City of Signal Hill; City of Torrance; City of Visalia; City of Wasco; City of Whittier; League of California Cities; Los Angeles Professional Peace Officers Association

Opposition: None known

Assembly Floor Vote: 72 - 0

PURPOSE

The purpose of this bill is to require a core recycler to report information collected to local law enforcement, as specified, and to request to receive theft alert notifications regarding the theft catalytic converters.

Existing law defines the term “core recycler” to mean “a person or business, including a recycler or junk dealer, that buys used individual catalytic converters, transmissions, or other parts previously removed from a vehicle. A person or business that buys a vehicle that may contain these parts is not a core recycler.” (Bus. & Prof. Code, § 21610, subd. (a).)

Existing law requires a core recycler who accepts a catalytic converter for recycling to maintain a written record that contains all of the following:

- The place and date of each sale or purchase of a catalytic converter made;
- The name, valid driver’s license number, and state of issue, or California-issued identification number, of the seller of the catalytic converter and the vehicle license number, including of issue of a motor vehicle used in transporting the catalytic converter to the core

recycler's place of business. If the seller is a business, the written record shall include the name, address, and telephone number of the business;

- A description of the catalytic converters purchased or sold, including the item type and quantity, amount paid for the catalytic converter, and identification number, if any, and the vehicle identification number; and,
- A statement indicating either that the seller of the catalytic converter is the owner of the catalytic converter, or the name of the person from whom he or she has obtained the catalytic converter, including the business, if applicable, as shown on a signed transfer document. (Bus. & Prof. Code, § 21610, subd. (b).)

This bill requires a core recycler who accepts a catalytic converter for recycling to report the above listed information to the chief of police or the sheriff, as prescribed.

Existing law requires a core recycler engaged in the selling or shipping of used catalytic converters to other recyclers or smelters shall retain information on the sale that includes all of the following:

- The name and address of each person to whom the catalytic converter is sold or disposed of;
- The quantity of catalytic converters being sold or shipped;
- The amount that was paid for the catalytic converters sold in the transaction; and,
- The date of the transaction. (Bus. & Prof. Code, § 21610, subd. (c).)

Existing law states that a core recycler shall not provide payment for a catalytic converter unless all of the following requirements are met:

- The payment is made by check and provided to the seller by mailing the payment to the address on the seller's driver's license or identification card, or if the seller is a business, mailing the payment to the seller's business address;
- A clear photograph or video of the seller is obtained at the time of the sale;
- A copy of the seller's valid driver's license or a copy of s state or federal government issued identification card. If the seller prefers to have the check mailed to an alternative address, in addition to a copy of a driver's license or identification card, a gas or electric utility bill addressed to the seller at the alternative address with a payment due date no more than two months prior to the date of sale;
- A clear photograph or video of the catalytic converter being sold; and,
- A written statement from the seller indicating how the seller obtained the catalytic converter. (Bus. & Prof. Code, § 21610, subd. (d).)

This bill additionally requires a core recycler to obtain a thumbprint of the seller, as prescribed by the Department of Justice (DOJ). The core recycler shall keep this thumbprint with the

information obtained and shall preserve the thumbprint in hard copy or electronic format for a period of two years after the date of sale.

This bill provides that inspection or seizure of the thumbprint shall only be performed by a peace officer acting within the scope of the peace officer's authority in response to a criminal search warrant signed by a magistrate and served on the core recycler by the peace officer.

This bill provides that probable cause for the issuance of that warrant shall be based upon a theft specifically involving the transaction for which the thumbprint was given.

This bill excludes a seller who is any of the following from the above requirements:

- An automobile dismantler, as defined in Section 220 of the Vehicle Code.
- A core recycler that maintains a fixed place of business and has obtained the catalytic converter pursuant to this section.
- A motor vehicle manufacturer, dealer, or lessor-retailer licensed pursuant to Division 5 (commencing with Section 11100) of the Vehicle Code.
- An automotive repair dealer licensed pursuant to Chapter 20.3 (commencing with Section 9880) of Division 3.
- Any other licensed business that may reasonably generate, possess, or sell used catalytic converters.

Existing law provides that the requirements for sale listed above do not apply to a core recycler that buys used catalytic converters, transmissions, or other parts removed from a vehicle if the core recycler and the seller have a written agreement for the transaction. (Bus. & Prof. Code, § 21610, subd. (e).)

Existing law requires core recyclers accepting catalytic converters from licensed auto dismantlers or from recyclers who hold a written agreement with a business that sells catalytic converters for recycling purposes to collect only the following information:

- Name of seller or agent acting on behalf of the seller;
- Date of transaction;
- Number of catalytic converters received in the course of the transaction; and,
- Amount of money that was paid for catalytic converters in the course of the transaction. (Bus. & Prof. Code, § 21610, subd. (f).)

Existing law requires a core recycler to keep and maintain the information required for the purchase of catalytic converters for not less than two years and to make the information available for inspection by local law enforcement upon demand. (Bus. & Prof. Code, § 21610, subds. (g)-(h).)

Existing law states that a person who makes, or causes to be made, a false or fictitious statement regarding any information required pursuant to this section is guilty of a misdemeanor. (Bus. & Prof. Code, § 21610, subd. (i).)

Existing law provides that a person who knowingly and willfully violates these requirements shall be punished as follows:

- For a first conviction, by a fine of \$1,000;
- For a second conviction, by a fine of not less than \$2,000 and the court may order the defendant to cease engaging in the business of a core recycler for a period not to exceed 30 days; and,
- For a third conviction, by a fine not less than \$4,000 and the court shall order the defendant to cease engaging in the business of a core recycler for a period of not less than one year. (Bus. & Prof. Code, § 21610, subd. (k).)

This bill requires a core recycler to request to receive theft alert notifications regarding the theft of catalytic converters in the core recycler's geographic region from the theft alert system maintained by the Institute of Scrap Recycling Industries, Inc., or its successor, except if the Institute of Scrap Recycling Industries, Inc. or its successor requires payment for use of the theft alert system.

Existing law encourages local law enforcement agencies to report thefts of commodity metals that have occurred within their jurisdiction to the theft alert system maintained by the Institute of Scrap Recycling Industries, Inc., to ensure that persons using the system receive timely and thorough information regarding metal thefts. (Pen. Code, § 1199.5.)

This bill includes thefts of catalytic converters that have occurred within the local law enforcement's jurisdiction to the type of thefts that local law enforcement is encouraged to report.

COMMENTS

1. Need for This Bill

According to the author of this bill:

AB 2407 strengthens the laws governing the sale of used catalytic converters, making it more difficult for thieves to profit from selling stolen converters. Specifically, this bill requires core recyclers to:

1. Share the information they are already required to collect about the seller with local law enforcement on a daily basis.
2. Obtain a thumbprint from the seller prior to payment, and retain that thumbprint for two years.
3. Sign up to receive notifications about catalytic converter theft from the online theft alert notification system.

It also adds catalytic converter theft to the list of crimes that law enforcement is encouraged to report to the theft alert system. Taken together, these new requirements will make it more difficult for thieves to profit off stolen catalytic converters, make it easier for law enforcement to catch thieves, and discourage them from committing the crime in the first place.

2. Catalytic Converter Thefts

Catalytic converters are devices that reduce pollution-causing emissions. Since 1975, all vehicles produced in the United States must have a catalytic converter as part of the exhaust system. Some vehicles may have more than one catalytic converter. The precious metals inside act as catalysts; when hot exhaust enters the converter, a chemical reaction occurs that renders toxic gases, such as carbon monoxide and hydrocarbons, into less harmful emissions.

According to the National Insurance Crime Bureau:

We have seen a significant increase during the pandemic. It's an opportunistic crime. As the value of the precious metals contained within the catalytic converters continues to increase, so do the number of thefts of these devices. There is a clear connection between times of crisis, limited resources, and disruption of the supply chain that drives investors towards these precious metals.”

A catalytic converter is a device that looks like a small muffler along with the exhaust system. It is designed to convert the environmentally hazardous exhaust emitted by an engine into less harmful gasses. To do this, manufacturers use platinum, palladium, or rhodium. In recent years, the values of these precious metals have increased significantly. As of December 2020, rhodium was valued at \$14,500 per ounce, palladium at \$2,336 per ounce, and platinum going for \$1,061 per ounce. Typically, recyclers will pay \$50 to \$250 per catalytic converter.

According to NICB's Operations, Intelligence and Analytics study of reported thefts, there were 108 catalytic converter thefts per month on average in 2018, 282 average monthly thefts in 2019, and 1,203 average thefts per month in 2020. During this time period, the top five states for catalytic converter thefts were California, Texas, Minnesota, North Carolina, and Illinois. In 2020, there was a continual climb in thefts. January had the fewest number of thefts at 652, but it continued to climb markedly throughout the year, with December having 2,347 thefts.

(Catalytic Converter Theft Skyrocketing Nationwide, National Insurance Crime Bureau (March 2021) <https://www.nicb.org/news/news-releases/catalytic-converter-theft-skyrocketing-nationwide> [as of June 22, 2022].)

In 2009, due to reports of increased catalytic thefts, California enacted SB 627 (Calderon), Chapter 603, Statutes of 2009. The law required core recyclers to comply with additional recordkeeping and identification procedures and new payment restrictions when purchasing catalytic converters. Specifically, the law required core recyclers to obtain identifying information about the seller of the catalytic converter including a copy of valid identification, a photograph or video of the seller, a photograph or video of the catalytic converter and

information about the sale including date of the transaction and a written statement from the seller indicating ownership of the catalytic converter. This information must be maintained by the core recycler for a minimum period of two years and to provide this information for inspection by local law enforcement upon demand. There is an exception for keeping information on sales or receipts of a catalytic converter if the core recycler and the seller have a written agreement for the transaction. The law makes a knowing and willful violation of its provisions punishable as a misdemeanor with graduated fines and the ability of the court to order the defendant to cease engaging in the business of a core recycler for a specified period of time. (Bus. & Prof. Code, § 21610.)

This bill would additionally require a core recycler to report the information collected about the purchase and sale of catalytic converters to the chief of police or the sheriff, as prescribed.

3. Thumbprint Requirement

This bill would require a core recycler to obtain the thumbprint of a seller of a catalytic converter and to preserve the thumbprint for two years, although inspection or seizure of a thumbprint would be limited to law enforcement pursuant to a criminal search warrant based on probable cause. Also probable cause for the issuance of that warrant must be based upon a theft specifically involving the transaction for which the thumbprint was given. Existing law similarly requires a junk dealer or recycler to obtain the thumbprint of a seller of nonferrous material, meaning copper, copper alloys, stainless steel, or aluminum (aside from beverage containers). (Bus. & Prof. Code, § 21608.5.) This bill would exempt from the thumbprint requirement an automobile dismantler, a core recycler that maintain a fixed place of business and has obtained the catalytic converter pursuant to that section, a licensed motor vehicle manufacturer, dealer or lessor, and any other licensed business that may reasonably generate, possess, or sell used catalytic converters.

4. Theft Alert Notification System

The Institute of Scrap Recycling Industries, Inc. (ISRI) is a private company that “promotes safe, economically sustainable and environmentally responsible recycling through networking, advocacy, and education.” (<<https://www.isri.org/about-isri>>.) ISRI owns and operates ScrapTheftAlert.com, a tool for law enforcement that allows individuals to alert the scrap industry of significant thefts of materials in the United States and Canada. Upon validation and review, alerts posted by individuals are broadcast by email to all subscribed users within a 100 mile radius of where the incident occurred. (<<https://scraptheftalert.com/Home/Home.aspx>>.) The tool can reach more than 117,000 law enforcement officers in almost 9,000 agencies and strengthens the relationship between recyclers and law enforcement and provide needed resources to combat materials theft. (<<https://www.isri.org/news-publications/news-details/2017/05/16/scrap-theft-alert-is-now-part-of-the-regional-information-sharing-systems-network>>.)

This bill would require a core recycler to request to receive theft alert notifications regarding the theft of catalytic converters in their geographic region from the ISRI theft alert system, except if the ISRI requires payment for use of the theft alert system. This bill also encourages local law enforcement agencies to report thefts of catalytic converters that have occurred within their jurisdiction to the theft alert system.

5. Related Legislation

Due to increased reports of catalytic converter thefts, several bills have been introduced this year to address the problem. In the Assembly, 7 bills have been introduced on the issue of catalytic converters. In the Senate, 3 bills have been introduced, SB 919 (Jones), SB 986 (Umberg), SB 1087 (Gonzalez). Many of the bills have overlapping jurisdiction with the committees on Transportation, Business, Professions and Economic Development, and Public Safety. The following is a discussion of the bills that were referred to the Public Safety Committees in either house.

SB 986 (Umberg) would prohibit a car dealer or retailer from selling a new or used vehicle, except those specified, equipped with a catalytic converter unless the catalytic converter has been engraved or etched with VIN of the vehicle to which it is attached and makes a violation of this prohibition punishable as an infraction. SB 986 would also require a core recycler to obtain and keep information regarding any identifying information etched or engraved on the catalytic converter. SB 986 would require payment for a catalytic converter to be made by any traceable method other than cash. Additionally, SB 986 would amend existing law that exempts a core recycler from these recordkeeping requirements when the catalytic converter was purchased pursuant to a written agreement between the core recycler and the seller by requiring the core recycler to maintain a regularly updated log or record describing each catalytic converter received under the agreement. SB 986 is pending hearing by the Assembly Committee on Public Safety.

SB 1087 (Gonzalez) would make it an infraction for any person to purchase a used catalytic converter from sellers other than certain specified sellers, including an automobile dismantler, an automotive repair dealer, or an individual possessing documentation, as specified, that they are the lawful owner of the catalytic converter. SB 1087 is pending hearing by the Assembly Committee on Public Safety.

SB 919 would, among other things, make it an alternate felony-misdemeanor to purchase, sell, receive, or possess a stolen catalytic converter, as specified. SB 919 would also prohibits a dealer or retail seller of a motor vehicle to sell a new or used motor vehicle unless the catalytic converter has been engraved, etched, or otherwise permanently marked with the VIN of the vehicle to which it is attached. A violation of this requirement would be punishable as a misdemeanor. SB 919 would also prohibit core recyclers from purchasing a catalytic converter unless it has been engraved, etched or otherwise permanently marked with the VIN from the car from which it was removed and the sale is recorded on a regularly updated log, as specified. A violation of these requirements would be a misdemeanor with graduated fines. SB 919 failed passage in this committee.

AB 2398 (Villapudua) would make the possession of a detached catalytic converter a crime, punishable as a misdemeanor or a felony, but would exempt a person who demonstrates authorization to possess the detached catalytic converter by providing a certificate of title or registration showing the person's interest in the vehicle from which the catalytic converter was detached, written authorization from the person holding the certificate of title or registration, or evidence that the catalytic converter was acquired in a lawful transaction, as provided. AB 2398 failed passage in Assembly Public Safety Committee.

AB 2682 (Gray) would require any automotive repair dealer that installs or replaces a catalytic converter on a motor vehicle to ensure that the catalytic converter is permanently marked with

the vehicle identification number (VIN) of the vehicle on which it is being installed, as specified. A failure to comply with this requirement would be punishable by specified graduated fines. It would also require a smog check station to notify a customer whether the catalytic converter is permanently marked, as specified. It would also prohibit a person from removing, altering, or obfuscating any VIN or other unique marking that has been added to a catalytic converter, or possessing a catalytic converter whether the VIN has been removed, altered, or obfuscated, as specified, and makes these offenses punishable as a misdemeanor. This bill is scheduled heard in Senate Business, Professions and Economic Development Committee on June 27th and will be heard by this committee on June 28th.

6. Argument in Support

According to the Los Angeles Police Professional Peace Officers Association:

. . . AB 2407 . . . would require a core recycler to report information collected to local law enforcement and to request to receive theft alert notifications regarding the theft of catalytic converters.

Auto parts theft is a rapidly growing issue in California. In particular, catalytic converters have become the primary target in these types of crimes. Data shows a 1,171% increase in national catalytic converter thefts since 2019, with California ranking first in the country for total number of these reported thefts. PPOA supports legislative efforts to curb the rise in auto parts related crimes.

AB 2407 will establish a more robust reporting system for the sale and transfer of these auto parts, while helping to ensure the continued protection of Californians' valuable property.

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