



CITY OF HOUSTON

Houston Police Department

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May 26, 2022

Troy Finner
Chief of Police



The Honorable John Whitmire, Chair, The Honorable Joan Huffman, Vice-Chair, and Honorable Committee Members of the Senate Criminal Justice Committee,

Thank for allowing me the opportunity to provide this written testimony to this esteemed legislative body. The Houston Police Department (HPD) appreciates the opportunity to provide our law enforcement perspective regarding the effect of House Bill 4110 and the appropriate response to the rise in theft of catalytic converters.

Background:

As you are no doubt aware, catalytic converter thefts have increased tremendously over the past several years. This is due in part to the rise of value in the platinum group metals used inside the catalytic converter, as well as the high reward versus the low risk of committing the crime.

The value of platinum group metals have skyrocketed since 2016. The COVID-19 pandemic and resulting global supply chain issues have drastically increased the price of the platinum group metals in catalytic converters. The three platinum group metals used in catalytic converters are rhodium, palladium, and platinum. To illustrate the price increase, rhodium sold for \$2,300 an ounce in January 2019 and by April 2022 was selling for over \$17,500 an ounce. A single catalytic converter contains only small amounts of these platinum group metals, yet has the potential to contain \$2,060 worth of the metals. The value of the metals is so high that every level of person involved in this crime is able to make a substantial amount of money.

Catalytic converter thefts increased in the city of Houston from 375 total reported cases in 2019 to 7,822 total reported cases in 2021. HPD reports indicate nearly 3,200 cases have been reported, just four months into 2022. If these numbers stay consistent, HPD will end the year with almost 2,000 more reported catalytic converter thefts from the previous year. This is consistent with national trends, as the National Insurance Crime Bureau reports that catalytic converter thefts rose nationwide from 3,389 in 2019 to 14,433 in 2020.



The crime itself poses little risk versus the potential high reward if the criminal is successful. Removing a catalytic converter from a vehicle is relatively easy. Removal of one catalytic converter requires two cuts on both ends of the catalytic converter and takes less than sixty seconds. There is little to no interaction with a citizen. Criminals like to strike during the day when the road noise and other noises will help drown out the sounds of the saw. Additionally, the crime occurs underneath the vehicle and is likely not to be noticed by a passer-by. Criminals target full parking lots, parking garages, and side streets where people have parked their vehicles and will likely not return to them until the workday is done.

While catalytic converter theft has historically been considered a property crime, this crime is becoming increasingly more violent, with gangs and robbery crews turning to this as a low risk way to fund operations. These criminal organizations hit multiple cars in a parking lot in minutes and stand to make hundreds or thousands of dollars if successful. If caught, the risk is most likely a misdemeanor theft or criminal mischief charge, neither of which is a deterrent and may be considered simply the cost of doing business. In most cases, the cutters are the most violent, with the intermediaries making the most money and driving the business.

While the act itself is non-violent, these crews will resort to aggressive and violent acts if caught or confronted by citizens. The most notable example of this is the murder of Harris County Sheriff's Deputy Darren Almendarez, who interrupted the theft of his catalytic converter after shopping for groceries with his family. The aggressive and violent confrontations are increasing due to more and more violent gangs and robbery crews transitioning to cutting crews and the virtually unlimited supply of catalytic converters on our streets and in our parking lots.

HPD's Efforts:

Both the Auto Theft Division as well as the Property & Financial Crimes Division have actively been addressing this crime for years, both proactively and reactively. The Metal Theft Unit regularly engages with stakeholders within the scrap metal industry to ensure compliance with regulations, such as those listed in HB 4110 and related legislation. The Auto Theft Division engages with various stakeholders to actively pursue cutting crews. In addition, HPD is spearheading a Catalytic Converter Task Force to target this crime through a coordinated effort across agencies and jurisdictions through increased operations, intelligence sharing, and regulatory inspections. These criminal enterprises move across state lines and impact all communities, so the multi-agency task force is critical to interrupting their operations.

HPD has and continues to work both locally and at the state level to help address this type of crime. HPD supported House Bill 4110 and there have been positive effects. HB 4110 curtailed the sale of stolen catalytic converters to Texas metal recyclers. However, HB 4110 appears to have pushed sales underground. In addition to selling stolen converters online via websites like eBay, Facebook Marketplace, Craigslist, other criminal enterprises are transporting stolen converters to states with fewer or more lax regulations.

Additionally, as part of the One Safe Houston initiative, HPD assisted in the draft of a new city ordinance to address the black market by focusing on the illicit supply chain. This ordinance impacts two areas of concern. First, this ordinance makes it unlawful for any individual or entity

other than a metal recycler to possess a used “cut” catalytic converter without also having proper documentation detailing certain information, including proof of ownership of the vehicle from which the converter was removed. Second, this ordinance enhances reporting requirements for business to business transactions between metal recyclers and second hand resellers (i.e. automotive repair facilities or auto salvage yards) by requiring information regarding purchases or receipts of catalytic converters to be uploaded into a law enforcement database.

HPD engages in a robust media campaign and frequently educates the public on how to avoid becoming a victim of this crime. This guidance includes applying high temperature fluorescent paint to the catalytic converter, engraving or etching the vehicle’s VIN number onto catalytic converters, and installing anti-theft devices.

HPD works closely with the Harris County District Attorney’s Office on these crimes. For example, the Auto Theft Division has a dedicated auto crimes ADA, who handles some of the catalytic converter cases. This partnership has been valuable, as other ADAs or those in Intake are not as familiar with the nuances of these types of cases or the organized crime element that is involved. Because the Penal Code does not specifically address catalytic converters and the offense can fall under a number of categories, it can be challenging for both officers and ADAs to identify the appropriate elements for the most applicable charge. Additionally, some prosecutors may only authorize a misdemeanor charge in some cases or may plead cases down.

Proposed solutions:

HPD believes this committee and the legislature can take action to aid law enforcement and to help stop catalytic converter theft. While the recent state law and city ordinance have helped, criminals are exploiting many loopholes in our system. As noted, recent laws have pushed the crime underground and across state lines. When criminals are caught, they are typically only charged with one of several misdemeanor crimes.

The following are suggestions for this committee to consider going forward, based on legislative progress in other states:

- 1.) Presumption of possession laws. Other states, such as South Carolina, have enacted laws that presume that possession of two or more catalytic converters is an offense, unless the person can show proof of ownership. Similar to Houston’s ordinance, The State of Texas may consider creating a presumption of criminal offense to be in possession of a catalytic converter, without proof of ownership. In addition, under current law, a suspect may not be charged unless each loose catalytic converter can be connected to the specific vehicle from which it was stolen. This task is virtually impossible when crews have trunk loads of loose catalytic converters. A presumption of possession law would allow prosecution for criminals who are found with multiple catalytic converters.
- 2.) Penal Code changes. The state may examine ways in which to clarify the Penal Code and create enhancements for catalytic converter theft. As currently written, catalytic converter thefts may fall into a variety of categories of crime and punishment. For example, Penal

Code § 31.03 Theft discusses thefts of copper and heads of cattle, but does not address catalytic converters. In many instances, catalytic converters may be considered a car part, despite the inherent difference in value. Creating statutes specific to catalytic converters will give prosecutors the appropriate guidance for applicable charges. In addition, given that these thefts are increasingly more violent, this crime should not be treated as a mere property crime and penalty enhancements should exist.

- 3.) VIN etching. Other states have proposed laws to require manufacturers and dealerships to etch a unique number onto the catalytic converter of all vehicles built or sold in the state. This may be a deterrent for theft, as well as an indication to metal recyclers that a part may be stolen. In addition, etching allows police to match the stolen catalytic converter with the vehicle.
- 4.) Regulatory changes. It is important to stress that law enforcement will always be reactive to crimes that occur, but it is incumbent on other stakeholders to take active measures to do their part to prevent this crime. As noted above, the automobile industry may be able to make changes at the front end to make acquisition of a catalytic converter harder. Similarly, the scrap metal industry may also have the ability to help prevent or discontinue sales. Unfortunately, catalytic converter theft is not a problem that law enforcement can or should solve alone. Metal recyclers and the automotive industry should also be expected to propose and to make changes that will ideally prevent this crime from occurring at all.
- 5.) Funding. The Motor Vehicle Crime Prevention Authority (MVCPA) funds 24 law enforcement taskforces throughout the state. It is funded entirely by a portion of a \$4 fee annually assessed upon every Texas auto insurance policy. In 2019, the Texas Legislature unanimously passed legislation committing that 20 percent of collected fee revenue shall be appropriated to the Authority. Regrettably and despite this change, the MVCPA budget continues to fall short of the Authority's statutorily imposed minimum. Appropriating the full 20% of MVCPA collected fees is vital for task forces to operate more effectively.

Thank you for your time and interest in helping HPD and other law enforcement agencies combat this rapidly increasing issue.

Sincerely,

Troy Finner
Chief of Police