

U.S. Attorney's Report to the District

Indictment of Catalytic Converter Theft Ring

Catalytic converter theft has become far too common in the United States. Many people either have had a catalytic converter stolen from their car or know someone who has. A thief can steal a catalytic converter in less than a minute, and it can cost the car's owner over \$1,000 to replace it. Thieves steal catalytic converters to obtain the precious metals they contain, including palladium, platinum, and rhodium, some of which are more valuable per ounce than gold. They can sell the catalytic converters for over \$1,000 each, and in some cases \$2,000 each depending on the type.

California has been hit particularly hard by this kind of theft. Precious metals are used in catalytic converters to reduce the toxic gas and pollutants in a vehicle's exhaust. With our state's higher emissions standards due to our history of air quality issues, catalytic converters here use more of the precious metals sought by thieves, making California a hot bed for theft. According to a recent report, last year about 1,600 catalytic converters were stolen in California each month, and our state accounts for over one third of all catalytic converter theft claims nationwide.

Recently, our Office and several other U.S. Attorney's Offices around the country have been investigating catalytic converter theft rings. Last month, we obtained a grand jury indictment in the Eastern District of California charging nine members of a multi-state catalytic converter theft ring. According to the indictment, three family members in Sacramento operated an unlicensed business out of homes and storage facilities and purchased catalytic converters from local thieves. The thieves used a smart phone app to identify car models with high-value catalytic converters. The three family members would purchase and amass a large number of stolen catalytic converters and then ship them to DG Auto in New Jersey, which paid the three over \$38 million in just a few years.

According to the indictment, DG Auto processed the catalytic converters it received from the Sacramento defendants and from other fencing operations around the country by a method called "de-canning," which separates out the precious metals inside. DG Auto sold the precious metals it obtained from stolen catalytic converters over the past few years for a total of \$545 million. The indictment returned in our district last month charges six individuals from DG Auto for their part in the scheme, and we have begun seizing millions of dollars in property, including beach vacation homes and luxury vehicles, purchased with proceeds from the scheme.

At the same time that we brought charges in our district against these nine individuals, the U.S. Attorney for the Northern District of Oklahoma brought a similar case in that district against thirteen individuals for schemes involving many more millions of dollars of payments by DG Auto to others for stolen catalytic converters they shipped to New Jersey. Both cases are proceeding through the court system in the two districts. The charges in the indictments are only allegations and the defendants are presumed innocent unless and until proven guilty.

These two criminal cases would not have been possible without the hard work and extensive coordination of law enforcement agents and officers from many, many different federal and state agencies, local police departments, and sheriff's offices. They demonstrate that working together as partners, law enforcement agencies at the federal, state, and local levels can identify, disrupt, and dismantle sophisticated criminal enterprises that fuel the street crime that affects us all. I am grateful for the hard work of the prosecutors in our Office and that of our agency partners that led to the indictment in our case.

If you would like to communicate with our office, please contact the main number in Sacramento, or submit a suggestion by clicking on the button below. Thank you.

Phillip A. Talbert
United States Attorney