



Emerging Intelligence Report

(U) PREPARED BY CRIMINAL INVESTIGATIVE DIVISION
CO-AUTHOR FBI SACRAMENTO FIELD OFFICE

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(U//FOUO) Criminal Actors in the United States Likely Committing Interstate Transportation of Stolen Catalytic Converters, Causing Hardship to Victims and Straining Law Enforcement Resources

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(U) EIR template approved for fiscal year 2021, as of 1 October 2020.

(U//FOUO) The FBI assesses criminal actors in the United States likely^a are committing interstate transportation of stolen catalytic converters,^b causing hardship to victims and putting a strain on law enforcement resources. This assessment is made with medium confidence,^c based on reporting from two FBI human sources with direct access, local law enforcement, an FBI contact who is reporting for the first time, a reliable source with excellent access, an FBI agent, and a National Insurance Crime Bureau (NICB) press release. The FBI makes this assessment based on the key assumptions middlemen are aware they are receiving stolen goods and the networks trafficking the goods are loosely affiliated. If the first key assumption is false, the likelihood of this assessment will decrease as the criminal activity will not fall under the FBI's purview, thus requiring minimal federal commitment. Conversely, if organizational ties are stronger than assumed, effective mitigation will require federal engagement due to the need for more complex investigations and, therefore, the likelihood of this assessment will increase. The FBI bases this assessment on the surge of catalytic converter thefts across the United States over the past year and the number of FBI investigations opened since December 2020.

- (U//FOUO) According to a human source with direct access, as of January 2021, an alleged Balkan organized crime (BOC) group used a

Georgia warehouse to store stolen catalytic converters for later transport and sale to an unknown individual in Illinois.¹ The catalytic converters had precious metals, including platinum.² In February 2021, the BOC group shipped 36 pallets of catalytic converters to Texas.³

- (U) As of January 2021, a criminal actor in North Carolina made between \$75,000 and \$80,000 over a 6-month period stealing catalytic converters off vehicles made between 1999 and 2007, as they had the most Rhodium,^d according to a law enforcement interview of a subject.⁴ Several crews in North Carolina sold stolen catalytic converters to the same two individuals, who took these to a cannery in New Jersey, according to the same source.⁵ From New Jersey, the catalytic converters were shipped to unknown individuals in Japan, according to a human source with direct access.⁶
- (U//FOUO) As of July 2020, an Asian Criminal Enterprise (ACE) in northern California stole catalytic converters from cars and sold them on the black market, according to an FBI contact who is reporting for the first time.⁷ An ACE member, who was also a retailer of auto parts, received more than \$3

^a (U) See Appendix A: Expressions of Likelihood.

^b (U) A catalytic converter is part of a vehicle's exhaust system and built with platinum, palladium, and rhodium to make exhaust less harmful. Values of these precious metals have increased sharply, spurring thefts of catalytic converters. *Source:* Website | nicb.org | "Catalytic Converter Theft Skyrocketing Nationwide" | 9 March 2021 | www.nicb.org/news/news-releases/catalytic-converter-theft-skyrocketing-nationwide | accessed on 8 April 2021.

^c (U) See Appendix B: Confidence in Assessments and Judgments Based on a Body of Information.

^d (U) Rhodium is the most valuable precious metal. Prices have soared more than 3,000 percent from about \$640 an ounce in 2016 to \$29,100 on 3 May 2021, more than 15 times the price of gold. *Sources:* News article | *The New York Times* | "Thieves Nationwide Are Slithering Under Cars, Swiping Catalytic Converters" | 9 February 2021 | <https://www.nytimes.com/2021/02/09/climate/catalytic-converter-theft.html> | accessed on 27 April 2021, and Website | moneymetals.com | "Rhodium Prices: Check Live & Historical Rhodium Spot Prices" | 3 May 2021 | <https://www.moneymetals.com/rhodium-price> | accessed on 3 May 2021.

million between March 2020 and May 2020 from a catalytic converter recycling business in New Jersey, according to a reliable source with excellent access and an FBI agent.^{8, 9} As of March 2021, on weekends, trucks from multiple states unloaded catalytic converters at the New Jersey company for transport to a separate processing facility for sale, according to an officer of another law enforcement agency who obtained information from a contact with direct access.¹⁰

- (U) As of March 2021, catalytic converter thefts had significantly increased across the United States since March 2020. The top five states for catalytic converter thefts were California, Illinois, Minnesota, North Carolina, and Texas. In 2019, there were on average 282 monthly thefts of catalytic converters; in 2020, the number was 1,203. The value of the precious metals in the catalytic converters continuously increased. The theft of a catalytic converter was costly for a vehicle owner due to loss of work, getting alternate transportation, and having the vehicle fixed, according to NICB, a not-for-profit organization with direct access to insurance fraud and vehicle theft information.¹¹

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(U) Analysis of Alternatives

(U) The FBI considered the alternate hypothesis recyclers and scrap metal business owners likely are unwittingly purchasing stolen catalytic converters, thus not part of a criminal network. The FBI discounted this alternative due to the high number of catalytic converters that recyclers and scrap metal yards obtain from single individuals. Legally, on average, an individual brings one or two spent catalytic converters to recycle. At the very least, recyclers and scrap metal yards are willfully blind even if they do not outright know the converters were stolen. If the FBI encounters situations where recyclers and scrap metal yards were unaware the converters were stolen, the likelihood of this alternative may increase.

(U//FOUO) This is the first FBI finished intelligence product highlighting the interstate transportation of stolen catalytic converters. In the short term, the FBI assesses criminal actors very likely will increase the theft, sale, and transport of stolen catalytic converters due to soaring prices of platinum, rhodium, and palladium, requiring additional law enforcement

efforts to mitigate this threat. In the long term, the FBI assesses other criminal actors and organized crime groups likely will exploit the low risk and opportunities for profit from the theft and sale of catalytic converters, further straining local law enforcement and contributing to economic hardship to victims. Indicators of an uptick of catalytic converter thefts include widespread reporting from local law enforcement on these thefts and law enforcement interception of stolen goods as they move between sellers and buyers. Indicators other criminal actors are involved in the theft include human source reporting indicating violent gangs and organized crime groups' involvement, and sophisticated methods being used to steal and transport. Opportunities exist to mitigate the rising threat of interstate catalytic converter trafficking via increased cooperation between local and federal law enforcement, and liaison with NICB and the Institute of Scrap Recycling Industries.

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(U) Source Summary Statement

(U//FOUO) Reporting in this emerging intelligence report was derived primarily from two FBI human sources with direct access; information obtained by local law enforcement; an FBI contact who is reporting for the first time; a reliable source with excellent access; an FBI agent; and a NICB press release, a not-for-profit organization with direct access to insurance fraud and vehicle theft information. The human source and local law enforcement reporting were most critical because they provided information on the different phases of the process of the theft, sale, and transport, and the extensiveness of the threat; the reliable source with excellent access, the FBI agent, and the NICB information provided additional context. This collection occurred between 28 May 2020 and 9 March 2021. The reporting was current as of 3 May 2021.

(U) Criminal Investigative Division's Transnational Organized Crime Unit of the FBI and the FBI Sacramento Field Office prepared this emerging intelligence report. Please direct comments and queries to the TOCIU Unit Chief at 1-202-323-1064.

(U) If you would like to provide qualitative feedback on this product, please send an email to the appropriate address with the product title as the subject line: DI_Customer_Feedback@fbi.gov; DI_Customer_Feedback@fbi.sgov.gov; or DI_Customer_Feedback@fbi.ic.gov.

(U) Appendix A: Expressions of Likelihood

(U) Phrases such as “the FBI judges” and “the FBI assesses,” and terms such as “likely” and “probably” convey analytical judgments and assessments. The chart below approximates how expressions of likelihood and probability correlate with percentages of chance. Only terms of likelihood should appear in FBI products; the chart includes terms of probability strictly for comparison, as they sometimes appear in reporting of other government agencies. Furthermore, the FBI does not arrive at judgments through statistical analysis and will not use terms of probability to convey uncertainty in FBI external intelligence products.

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Terms of Likelihood	Almost No Chance	Very Unlikely	Unlikely	Roughly Even Chance	Likely	Very Likely	Almost Certain(ly)
Terms of Probability	Remote	Highly Improbable	Improbable (Improbably)	Roughly Even Odds	Probable (Probably)	Highly Probable	Nearly Certain
Percentages of Chance	1-5%	5-20%	20-45%	45-55%	55-80%	80-95%	95-99%

(U) Table showing terms of likelihood aligned with terms of probability and percentages of chance.

(U) Appendix B: Confidence in Assessments and Judgments Based on a Body of Information

(U) Confidence levels reflect the quality and quantity of the source information supporting a judgment. Consequently, the FBI ascribes high, medium, or low levels of confidence to assessments, as follows:

(U) **High confidence** generally indicates the FBI's judgments are based on high quality information from multiple sources. High confidence in a judgment does not imply the assessment is a fact or a certainty; such judgments might be wrong. While additional reporting and information sources may change analytical judgments, such changes are most likely to be refinements and not substantial in nature.

(U) **Medium confidence** generally means the information is credibly sourced and plausible but not of sufficient quality or corroborated sufficiently to warrant a higher level of confidence. Additional reporting or information sources have the potential to increase the FBI's confidence levels or substantively change analytical judgments.

(U) **Low confidence** generally means the information's credibility or plausibility is uncertain, the information is too fragmented or poorly corroborated to make solid analytic inferences, or the reliability of the sources is questionable. Absent additional reporting or information sources, analytical judgments should be considered preliminary in nature.