WANTED: CATALYTIC INNARDS

High market prices for precious metal in converters sparks local thefts

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The Chronicle-Telegram

Early one morning, a handful of housecleaners left their Abbe Road office in Elyria and headed to eight company cars parked in a nearby lot. The Action Maids were ready to start their day; they hopped into vehicles that sported license plates such as "WE CLEAN," "SPK-N-SPN," "DSTBSTR" and "GOT DUST."

One by one, as the workers fired up each vehicle’s engine, they heard the roar of angry car mufflers growing into the winter morning.

Steve Bridge, manager of the Budget Auto Store next door to the Action Maids office, chuckled as he remembered that morning. “You could hear it clear as day,” Bridge said, shaking his head. “Hear ‘em one after the other, roaring up clear as day — WHOOAAMM … WHOOAAMM.”

As fate would have it, the delivery driver at Budget Auto also noticed a ferocious growl when he started his company truck that same December morning. “We went out and looked, and you could see the cut marks fresh as day,” Bridge said. “The catalytic converter was cut clean off.”

The catalytic crunch

Welcome to the gritty, grime-speckled world of catalytic converter theft, the latest and perhaps strangest fad for automotive and scrap metal thieves.

Consider the unassuming catalytic converter. An EPA-required emissions-control device on a car’s muffler, it looks like a steel shoebox but actually has in its belly a chunk of honeycomb-like material that contains three precious metals: platinum, rhodium and palladium.

While the three metals help filter out harmful emissions, metal industry experts say their market prices are hovering at all-time highs — platinum at $1,180 an ounce, rhodium at $5,300 an ounce and palladium at $350 an ounce. These days, the lowly catalytic converter doesn’t seem so lowly.

On average, a single catalytic converter contains about a tenth of an ounce of the three precious metals, said John Beaudry, spokesman for Montana-based Stillwater Mining Co., one of the few U.S. companies that recycles and smelts used catalytic converters.

The theft of precious or semi-precious metals has been old hat in the past few years as metal prices have skyrocketed — copper pipes have been torn from vacant homes and aluminum bleachers ripped from local parks — but catalytic converters being sawed off unattended vehicles is a new trend, with incidents increasing drastically in recent months, local police reports show.

In the past eight weeks in Elyria, more than 40 catalytic converters were sawed off vehicles in 14 different incidents.

In the county sheriff’s jurisdiction — rural areas and townships — more than 130 catalytic converters were stolen in 17 incidents since last summer, including a theft at a Grafton salvage yard where thieves made off with 100 detached catalytic converters left in a pile. Sheriff’s deputy Bill Curtis said thieves crawl under vehicles and cut the catalytic converters from the car’s underbellies using battery-powered saws.

“IT’S AN HOUR’S WORK, AT MOST,” Curtis said.

Some local scrap dealers, however, say the operation can sometimes be carried out in just minutes, and some thieves use pipe cutters.

The thief’s reward for his nefarious deed pays off handsomely if he finds a scrapyard with standards lax enough to buy scrap metal of unknown origin. “On the low end, (a thief) will get $7 or so,” Curtis said. “On the high end, more than $100 — maybe even $150.”

Indeed, owners of local scrapyards say they’ll give legitimate scrappers anywhere from $10 to $100 or more for a catalytic converter, depending on the year and model of the vehicle from which the device was plucked.

Local scrap dealers asked that the most profitable types of catalytic converters not be named in this story, for fear the information would only educate or encourage potential thieves.

Beaudry, of Stillwater Mining, said that manufacturers are starting to use less precious
WANTED: CATALYTIC INNARDS

It varies substantially over time," Beaudry said, adding that the earliest catalytic converters contained beads of metal rather than honeycomb.

The industry —
good and bad

The words "scrap" and "junk" in the metal recycling industry are grossly misinterpreted by the public, said Ed Nowak, owner of Sugar Ridge Recycling on Oberlin-Elyria Road.

"The word 'junkyard' is old-school and needs to be looked at," Nowak said. "You can't associate junk with trash. There's a big difference."

How big? The metal recycling industry in the U.S. last year was a $40 billion behemoth, said Chuck Carr, spokesman for the Institute of Scrap Recycling Industries.

The demand for recycled scrap metal continues to climb worldwide, Carr said. "It's Economics 101," he said. "The best example is copper. Copper for the last several years has been in somewhat short supply, from labor issues, disasters and other (causes).

There's been a limited amount available to manufacturers."

In addition, more people are investing money in semi-precious metals such as copper and the metals found in catalytic converters. Worldwide manufacturing of products such as cell phones, iPods and cars requires some type of metal — whether it's copper, gold, platinum or steel, Carr said.

"You get that kind of demand worldwide, and some of these precious metals are used in these devices," Carr said. "It's like Clinton said: 'It's the economy, stupid.' When the worldwide economy is strong, the prices for these go up."

Carr said it's impossible to predict where the price of metal will go in any given year, though a drop in metal prices would presumably trigger a drop in scrap metal theft.

"It's a roller coaster — it goes up and down regularly," he said.

For now, the prices are up and the demand is high.

"The need seems to be never-ending," Nowak said. "Scrap is probably worth as much as cocaine or anything else like it. These guys are sitting on millions of dollars, and they don't want people to know what they're sitting on."

Nowak told horror stories of scrap recyclers — including one in Detroit — being robbed and shot for a load of scrap metal.

"There was a guy holding a truckload of copper," Nowak said. "He had no idea what he was carrying — $1 million in that truck."

The attraction of the quick profit from ill-gotten gains — not to be confused with the legitimate side of the scrap metal business — is undeniable, said Curtis, the sheriff's deputy.

"These (thieves) spend so much time trying to figure out ways to break the law," Curtis said. "That's how they think — they want to make quick and easy money."

Catalytic converters — and scrap metal such as copper — fill that need, Curtis said.

"The supply and demand is what it comes down to," Curtis said, adding that the sheriff's office has seen a 100 percent increase in scrap metal thefts in the past year.

"Nothing is sacred. If there's a house sitting empty, they'll get into it and steal something."

We're not dealing with the upper crust of society here."

The victims

Incident reports from Elyria police and the county sheriff show that car dealerships and automotive repair shops have been hit hardest by catalytic converter thieves in the past few months.

Of nearly 80 vehicles whose catalytic converters were reported stolen to Elyria and North Ridgeville police and sheriff's deputies since June 2006, more than 60 percent were at car dealerships or repair shops.

About 20 cars were at offices where people work or shop, such as the eight at Action Maids on Dec. 28 or at Midway Mall on Jan. 22. Only six of the cars were in driveways of homes.

Credit Max, a used-car dealership at Cleveland Street and Route 57 in Elyria, had catalytic converters stripped from seven cars in December, said David Leigh, a manager at the car lot.

"We'd heard of it before, but we were surprised when it happened to us," Leigh said. "And we're a small business, so it hurt us."

Leigh said it was easier for the business to simply pay for seven new catalytic converters than to report the theft to its insurance company and pay the deductible.

While Leigh didn't know the precise cost of the seven converters, he said the company has started taking precautions.

"At the end of the day, we have to pull all our cars inside the building," Leigh said, explaining that moving the vehicles, a procedure they started the day after the theft, eats up at least 30 minutes of an employee's time.

Extra security is just one of the consequences of the thefts that isn't taken into consideration when assessing a company's loss.

Of the nearly 80 vehicles stripped of their converters, police estimated the value on only 40 of them, and even those were tremendously undervalued.

Bridge, who has worked at Budget Auto since 1991, said the cost of replacing a catalytic converter depends on "how nice your thief was" and the type of car you own.

If the thief cuts the muffler close to the catalytic converter, the exhaust system doesn't need to be replaced, Bridge said.

"On the (Action Maids) cars, they'll have to replace the entire exhaust systems because of where they were cut," Bridge said. "We were fortunate — we didn't have to replace ours."

A car can be driven for a short period without a catalytic converter, but after weeks or months, driving a car without a converter affects the vehicle's performance and will wreak havoc on the engine's sensors, Bridge said.

A quick glimpse at the range of prices of catalytic converters shows how varied the damage can be.
A new catalytic converter for a 1990s model Chevy S10 pickup is about $269, but a new converter for a 2000 Ford F250 pickup is a staggering $1,985. On a 2006 Taurus — which actually has three catalytic converters — the total cost is $1,465.

THE PROCESS
Individual scrappers
* Legitimate scrappers obtain worn-out or worthless catalytic converters from junk cars, wrecked cars or other verifiable sources. Columbus Bryant, 35, of Elyria, is one such scrapper. Bryant said he makes upward of $100 a day on a good day, picking up odds and ends such as ironing boards and brake rotors, which fetch about 7 cents a pound.
* Illegitimate scrappers take working catalytic converters off cars parked at car lots, office buildings or homes. A catalytic converter theft takes just minutes: The thief crawls under the car with a battery-powered saw and makes two clean cuts in the pipe on both sides of the catalytic converter, then walks away with the prize. In some instances, thieves use manual pipe cutters for a silent theft, and some victims have found marks on the ground where the thief used a jack to raise the vehicle.

Local scrapyards
Local scrapyards such as Sugar Ridge Recycling pay scrappers anywhere from $10 to $100 or more for a catalytic converter. Like Sugar Ridge, most scrapyards require customers to show a picture ID and provide their license plate number before the sale. The scrapyards store the material for a few days before it’s hauled off.

Haulers
Local haulers pick up piles of catalytic converters and transport them to warehouses, where the steel cases are cracked open and emptied of the precious honeycomb containing platinum, rhodium and palladium. The haulers are fiercely secretive and protective of their livelihood, such as “Bryan,” a man who picked up a load of catalytic converters at Sugar Ridge.
“I had 40 of them stolen right off my truck,” said Bryan, declining to give his last name. “The guys who stole ‘em turned around and sold ‘em to our warehouse.”

Smelters
The solid honeycombs are taken to companies such as Stillwater Mining in Montana, said John Beaudry, spokesman at Stillwater Mining. There, through a process that takes a few days, the metal is crushed into a fine grain that is pushed through a smelting machine. The smelting process shapes the metal into sheets that are treated with an acid solution, creating an end product that’s about 20 percent to 60 percent precious metals. Stillwater Mining processed about $90 million worth of recycled catalytic converters last year.

Refineries
In the final process, the semi-finished metals from companies such as Stillwater Mining are delivered to only a few metal refineries in the U.S. Among the juggernauts are Johnson Matthey and Engelhard, whose U.S.-based automotive catalyst refineries are in South Carolina and Michigan. The Engelhard Web site said that catalytic converters contain “valuable quantities of platinum, palladium and rhodium that are recovered using specialized processing techniques.” Engelhard is a billion-dollar company with offices worldwide, including one on Pine Street in Elyria.

Solutions
Local law enforcement and scrap dealers say they’re trying get a handle on this strange new trend in scrap theft, but it’s an uphill fight.
“It’s hard to prove where a catalytic converter came from,” Curtis said. “There’s no stamping on it, no serial number, no VIN.”
If caught, a thief faces up to four criminal charges: criminal damaging, burglary, breaking and entering and theft, Curtis said.
And while most would argue that a thief should be prosecuted according to the cost of damages incurred to the victim, Carr, of the recycling trade group, offered a legendary tale. In Texas, a scrap thief swiped a small steel valve from an oil refinery. A scrapyard gave the man $100 for the steel, but the actual value of the item — specially engineered and installed — was $250,000, Carr said.
“This material is not scrap to those who are the victims,” Carr said. “We’re well aware of that.”
Carr said theft alerts appear daily on ISRI’s Web site, and the organization stays in contact with police departments nationwide.
“This (scrap) does cross state lines,” Carr said. “We can get that information out to a pretty broad net quickly. But it’s darn difficult, if not impossible, to tell the legitimate scrap from the stolen scrap.”
Carr said the real crackdown on scrap theft begins at the local level, through state and municipal governments.
“Some areas have very strenuous laws about the theft of scrap,” Carr said. “We don’t mind regulation if regulation will solve the problem.”
But the Ohio Bureau of Motor Vehicles only requires salvage yards — not scrapyards — to...
hold a dealer permit, said Jeffrey Coleman, a BMV spokesman. The difference is subtle: a salvage yard buys and sells used car parts, but a scrapyard simply takes in metal car parts and recycles them.

“If they just collect scrap for metallic content, they don’t need licensing from us,” Coleman said. “There’s not state regulation for that.”

At the county level, the county auditor monitors junkyards and salvage yards mainly on aesthetic and code violations, said a spokeswoman in the county auditor’s office. Until a silver bullet comes along, the responsibility falls in the hands of municipal governments.

One of the only examples came last year when, in an effort to curb the theft of metal in the city, Lorain City Council passed an ordinance that requires scrap dealers to hold precious metals for a period of three days.

Lorain police Detective Mark McCoy led that charge.

“We asked that something be done so the police have a better way of tracking who it is that’s bringing scrap metal into a junk dealer,” McCoy said. “The intent is good, but as of yet we haven’t had a situation where we’ve had to use it.”

Still, Lorain police reports showed only two catalytic converter thefts since last summer. Lorain Councilman Craig Snodgrass wondered if the ordinance didn’t account for the absence of catalytic converter thefts in his city.

“Maybe, in this case, it’s somewhat helping our area,” Snodgrass said. “Maybe we’re pushing them out of the city.”

Maybe, and maybe not: Lorain police still release near-weekly reports of copper thefts in vacant homes and buildings.

Ted Attfeld, owner of Bluestar Recycling in Elyria, said he receives daily faxes from Elyria police about stolen scrap metal. Both he and Nowak, owner of Sugar Ridge Recycling, said they require scrappers to show a picture ID and provide their name, address and driver’s license number.

In addition, Nowak’s facility on Oberlin-Elyria Road boasts a video security system with multiple cameras recording each person who walks in the door.

“If someone comes in with six manhole covers in the back seat of his car, you have to ask: ‘What’s wrong with this picture?’ ” Nowak said. “But even the guy that’s not legit, he’s still going to have a good story. He’s not going to say, ‘I just stole this.’ ”

Attfeld said that reality has forced local scrap dealers to play policemen.

“Truly, we don’t want to play policeman, but we have to,” said Attfeld, whose family has owned Bluestar Recycling since 1883. “We didn’t used to do it in the past, but now — because of what’s going on — we have to.”

While most local scrap dealers cooperate with police when stolen scrap enters the market, even those who don’t are hard to prosecute because it’s near impossible to prove they knew the material was stolen, Curtis said.

“Proving it is another thing altogether,” Curtis said. “The reputable businesses don’t want that (criminal) element in there.”

Nowak said the two sides have to work together — local government will not be able to regulate the industry without the cooperation of the businesses.

“Everyone is a recycler,” Nowak said. “The mechanic who takes two pistons out of an engine block and recycles them — all of a sudden, he’s a recycler. To try to regulate that, the government can’t even come close. But they’ll keep having some of these problems until they regulate some of these scrap dealers.”

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THE BREAKDOWN
Details from some of the thefts from local police:

Where were the cars?
* 48 were at car lots or automotive repair shops
* 20 were at business or office locations
* 6 were at homes

Which cars were targeted?
* 19 Chevrolets (3 trucks/vans, 16 cars)
* 19 Fords (15 trucks/vans, 3 cars, 1 unknown)
* 5 Dodge trucks/vans
* 5 Saab cars
* 4 Jeep Cherokees
* 3 GMC trucks/vans
* 3 Kia cars
* 3 Saturn cars
* 3 Toyota cars
* 2 Buick
* 1 each of Cadillac, Eagle Vision, Geo Tracker, Honda Accord, Nissan Sentra, Oldsmobile 88, Pontiac Grand Am
* 2 unspecified and 100 were at a scrapyard

Source: Police reports, Chronicle research