



To: Motor Vehicle Crime Prevention Authority Board
From: Earl Pence, MVCPA Interim Director
Subject: SB 224 Plan of Operation

PURPOSE AND EXECUTIVE SUMMARY

To comply with Senate Bill 224 requirements no later than January 1, 2024.

BACKGROUND AND DISCUSSION

- **Metal Recycling Entities (MRE)** - TxDPS registers and regulates all (MRE) involved in performing the manufacturing process by which scrap, used, or obsolete metal is converted into raw material products consisting of prepared grades and having an existing or potential economic value under the authority of the Texas Occupations Code, Chapter 1956 and the related administrative rules.
- **Used Automotive Parts Recyclers** - TDLR licenses and regulates Used Automotive Parts Recycling businesses involved in the dismantling and reuse or resale of used automotive parts under the authority of Texas Occupations Code Chapter 2309 and Texas Admin Code Chapter 87.
- **Salvage Dealers** - TxDMV licenses and regulates Salvage Vehicle Dealers who buy or sell more than five salvage or nonrepairable motor vehicles in a calendar year or rebuild more than five salvage motor vehicles in a calendar year under the authority of Transportation Code, Chapter 501, and Occupations Code, Chapter 2302.

Proposed SB224 Plan of Operation

Partner Agency Coordination and Records Review

- MVCPA will coordinate with TxDPS, TDLR, and TxDMV to develop criteria to identify suspicious activities involving the purchase, acquisition, sale, or transfer of catalytic converters removed from motor vehicles.
 - Sale of multiple catalytic converters by one individual.
 - Sale of catalytic converters involving multiple transactions over a period by individuals.
 - Failure to keep proper records of purchase or acquisition of catalytic converters.
 - Multiple violations of statutes and rules.
- MVCPA Analyst with the assistance of analysts from state agencies who regulate businesses involving the purchase, acquisition, sale, or transfer of catalytic converters perform a review of the records to identify suspicious activities and report the findings to MVCPA.
- Meetings / Frequency / Partner State Agencies / Grantee Taskforces
 - MVCPA will meet with partner agencies; TxDMV, DPS, and TDLR (partner agencies) to coordinate activities, intelligence sharing, compliance trends, investigative needs, and reporting related to the implementation of SB224.
 - Meetings first 6 months (1-2 meetings per month)
 - Meetings after 6 months (quarterly or as needed)

- Records Review
 - Partner agencies will share trends, anomalies, and associated information for the entities regulated by their agency.

Proposed plan to respond to Suspicious Activities

- Suspicious activities identified as suspected criminal violations forwarded to MVCPA Taskforce law enforcement personnel and TxDPS Criminal law enforcement for further investigation.
- Suspicious activities identified as suspected administrative violations forwarded to TDLR and TxDMV for inspection and follow-up.
- Suspicious Activities / Criteria / Risk-Based Factors
 - MVCPA will coordinate with partner agencies to identify and implement risk factors that should be incorporated into the implementation plan.
 - Criminal violations
 - Sale of multiple CC's by one individual or overall transaction volume;
 - Sale of CC involving multiple transactions over a period of time by individual(s)
 - Past violations
 - Failure to maintain proper records of purchase, sale or acquisition;
 - Public complaints;
 - Multiple violations;
 - Discrepancies in data
- Classification of Investigations
 - MVCPA will coordinate with partner agencies to establish Priority I and Priority II Investigation Categories. Criteria for each category shall be established to timely and appropriately respond to complaints and investigations.
- Inspection Frequency
 - Inspections will be conducted in accordance with partner agency governing statutes, rules, and agency procedure. Partner agencies will consider leveraging random inspections, complaint-based, or an inspection that coincides with licensure renewal.

SB224 Plan of Operation Implementation Considerations

- Protecting each step in the legitimate stream of commerce that begins with the removal of a catalytic converter from a motor vehicle and includes recycling those catalytic converters to ensure that the persons regulated by the agencies listed are not the means for inserting stolen catalytic converters into the stream of commerce.
- Providing risk-based targeting and random auditing of the records of persons regulated by the agencies listed.
- Partner Agency Needs-discuss and coordinate with partner agencies to determine staffing and operational funding needs.
- MVCPA SB224 Advisory Committee-discuss the feasibility of creating an advisory committee to partner with the SB224 Task Force Agencies (MVCPA, TxDMV, DPS, and TDLR).
- Funding Mechanism: Grants / Partner State Agencies / Grantee Taskforce identified needs.