

**Testimony of General Counsel Michael Tiger
New York City Department of Consumer and Worker Protection**

**Before the Committees on
Consumer and Worker Protection and Public Safety**

**Hearing on
Secondhand Auto Dealers and Theft Prevention
& Introduction 525**

October 20, 2022

Introduction

Good morning, Chair Velázquez, Chair Hanks, and members of the Committees. My name is Michael Tiger, and I am General Counsel at the Department of Consumer and Worker Protection (DCWP). Today, I am joined by DCWP's Deputy Commissioner for Enforcement, James Hurst, and our colleagues from the New York City Police Department (NYPD). Thank you for the opportunity to testify today on Secondhand Auto Dealers and Introduction 525, relating to the purchase of catalytic converters.

Sale of Used Goods

DCWP licenses Secondhand Auto Dealers (SHADs), which are businesses selling used automobiles, and Secondhand Dealers – General (SHDG), which are businesses that sell second-hand articles, such as a catalytic convertor. A licensed SHAD does not need an SHDG license if it only sells used cars.

DCWP currently licenses 522 SHADs across the five boroughs. We receive a high number of complaints related to activity at these businesses each year and, in response, dedicate a high level of enforcement resources to them. Last year, we conducted 439 inspections, and so far this year we have visited licensed SHADs 353 times. Since 2018, we have secured more than \$2 million in restitution for customers and almost \$5 million in civil penalties from these businesses. Recently, we announced a settlement with two businesses in Brooklyn in response to numerous violations of the City's laws and rules, which included protections against deceptive practices. This settlement resulted in more than \$300,000 in restitution for customers and \$500,000 in civil penalties.

Separately, there are currently 3,915 businesses holding SHDG licenses. This includes 140 licensed SHADs who also hold an SHDG license to allow them to sell used goods, other than used automobiles, such as a used catalytic convertor. Since 2018, we have received 216 complaints regarding SHDGs, conducted 10,254 inspections, issued 1,605 violations, and recovered more than \$1 million in restitution and civil penalties.

Both the SHAD and SHDG licenses include explicit recordkeeping requirements for the dealer. Specifically, any licensee buying or selling a secondhand article must keep a written record of

the transaction, including a description of the item sold and information about the person from whom the purchase or sale was made.¹ Additionally, a SHAD licensee selling a vehicle must record its Vehicle Identification Number (VIN), the details about its removal from the dealership, the driver license information of the purchaser, and the address to where the vehicle was removed, among other required records.² Licensees must share records about these purchases with the NYPD and other law enforcement agencies at their request.³

Introduction 525

Today's legislation is aimed at preventing the theft of catalytic converters, which, as you will hear from our colleagues at the NYPD, has markedly increased in recent years. Introduction 525 would require SHDG and SHAD licensees that purchase a catalytic converter to obtain information about the vehicle from which the catalytic converter was removed and a copy of documentation proving ownership of the vehicle or the part from the seller. This information would have to be made available to DCWP, NYPD, and the Fire Department upon inspection.

DCWP supports this legislation to the extent that NYPD believes its passage will aid their investigations by enabling the City to better track instances of catalytic converter theft. We look forward to working with Council during the legislative process on this bill.

Conclusion

Thank you for the opportunity to testify today regarding our licensees and related legislation. We greatly appreciate Council's partnership and look forward to answering any questions you may have.

¹ See [New York City Administrative Code § 20-273\(a\)](#)

² See [New York City Administrative Code §§ 20-268.5, 20-273\(d\)](#)

³ For SHAD recordkeeping, see [New York City Administrative Code §§ 20-268.5, 20-273\(a\), \(d\), and \(e\)](#).

Electronic records of vehicle sales are kept on the VERIFI database.

For SHDG recordkeeping, see [New York City Administrative Code § 20-273\(a\), \(b\), \(c\), and \(e\)](#). As determined by NYPD, electronic records of certain secondhand good sales are kept on the LeadsOnline database.