

Mississippi Secretary of State's Office

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SECRETARY OF STATE

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ABOUT US

- Secretary of State, Michael Watson
 - State Land Commissioner
 - Keeper of the Capitol
 - Chief Elections Officer
- Seven Divisions in total



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**Business Services and Regulation
Division**

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BUSINESS REGULATION

- Regulation of several industries
 - Sellers of pre-need funeral products
 - Perpetual care cemeteries
 - Athlete agents
 - Administrative Procedures Act
 - Bulletin
 - Code



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Scrap Metal Dealers and Processors

- Since 2008, our division also registers and regulates those who buy/sell and convert or process certain regulated “scrap” metals.
- Scrap metal is metal that has served its original economic purpose.
- Regulated scrap metals include:
 - Railroad track materials; copper and aluminum electrical materials, communications copper or aluminum, utility brass, metal sewer and drain covers, wiring used in irrigation, bridge support metal, stainless steel sinks, catalytic converters, and beer kegs.
- Not all scrap metals are regulated.
 - Aluminum cans



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Two Primary Goals

- Disincentivize/deter metal theft
- Protect the scrap metal industry



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Registration and Reporting

- Registering industry participants
 - Two levels of Dealer registration
 - Determined by amount of metals purchased
 - Processor registration
 - Processors are those businesses who transform scrap metals into raw materials to be re-used in industry.
 - Processors do something more to the scrap than just buy/sell/transport.

- Require reporting of scrap metal transactions
 - Every scrap transaction (with some statutory exceptions or exemptions) requires an accurate record of the transaction.
 - Date and time; type and quantity of scrap; value paid; identity of seller
 - Reported to a national database called LEADS ONLINE



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Leads Online

- A third party, independent technology service. Acts as SOS' agent for registration and recordkeeping
 - Metal theft investigation system
 - Industry participants 'upload' transaction reports
 - Industry participants as well as law enforcement have access to the compiled data
 - We use it to see dollar volume of purchases, source of purchases
 - Purchased metals on site – no reporting



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Examination of Registrants

- Dealers and processors are subject to inspection by criminal law enforcement as part of investigations.
- The Secretary of State has examination authority for both routine exams and 'for-cause exams.'
 - Can issue findings with civil penalties
 - Conduct hearings and issue cease and desist orders
 - Report criminal violations to district attorneys and Attorney General.



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Partnering with the Industry

- In addition to regulating the industry, the SOS wants to support and protect the industry.
 - Produces Scrap Metal Handbook which explains our statute and regulations
 - Our examiners are tasked with educating registrants, particularly those who run smaller operations and are new to the industry
 - Look to improve the law for all participants except criminals both legislatively and through the rule making process.



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COVID-19 Impact on the Industry

- 2020 scrap exports were down 8%
- Due to decreased demand of industrial metals
- However, total value of scrap exports was up 8% for 2020.
 - Sold 8% less in quantity; profit up 8%
- This was accounted for by the sharp increase of value for scrap precious metals.



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Important Changes to the Scrap Metal Law

- With rising precious metal prices comes increase in criminal activity.
- Catalytic converters contain several precious metals in the platinum group
 - Platinum - \$1200 per oz
 - Palladium - \$2800 per oz
 - Rhodium - \$26,850 per oz (not a typo!)
- 2020 saw a huge spike in converter theft



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Need to Disincentivize Catalytic Converter Theft

- MS Scrap metal law's biggest win was disincentivizing air conditioner coil theft
- We are contemplating changes to the law that will accomplish the same for catalytic converters.
- Our approach is to make sure the industry wins and the criminals lose.
- Our goal is common sense laws that favor those who play by the rules.



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Questions?

Thank you!

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