

Recommended Practices and Procedures for Minimizing the Risks of Purchasing Stolen Materials

Unfortunately, criminals will take advantage of nearly every opportunity available to them. Thus, as commodity prices rise, the theft of scrap metals and recovered paper seems to increase as well. No one is immune to this problem. Members of the recycling industry also are often the victims of material theft.

Recyclers can minimize the direct financial risk associated with the inadvertent purchase of stolen materials by adding a conversion coverage rider to their insurance policy. This coverage does nothing to minimize the risk of criminal prosecution, however, or the negative publicity that might stem from accepting stolen materials.

The purchase of materials from retail suppliers can pose a greater risk than purchases from industrial or commercial accounts. Often the recycler will have a long-standing relationship with the industrial or commercial entity and will pay the business rather than an individual.

The goal of this document is to help recyclers minimize the risks of purchasing stolen materials and to support attempts to stem the tide of material theft. The Institute of Scrap Recycling Industries (ISRI) recommends that members consider implementing the following management practices. Not all of these recommendations will be appropriate for every processing facility. Processors should analyze their specific operations and implement those recommendations that are most appropriate and have the greatest likelihood of having a positive effect.

1. Outreach:

Developing a working relationship with local law enforcement, industry, and municipalities creates a mutual understanding of the challenges involved with preventing the inadvertent purchase of stolen material. ISRI recommends developing a relationship with law enforcement so that they will alert you when they become aware of stolen material. Police should also be made aware that you need them to respond promptly when you believe someone has brought stolen material to your scale.

2. Identifying a Seller:

Recyclers should collect enough information to identify a seller in the event of a subsequent problem with the material purchased. Several different recordkeeping methods could satisfy this recommendation, including any of the following:

1. Recording the number from a driver's license or other form of government identification, or photocopying or scanning the license or other ID.
2. Recording the license plate number of the vehicle the seller is driving at the time of the transaction.
3. Creating an account record for each customer and using it for every transaction with that customer. Such an account could be assigned based on an initial collection of customer information and updates of that information not less than every two years.
4. Obtaining the seller's signature for each transaction.

The above list is not meant to be exhaustive. Processors can use a combination of different methods to accomplish the goal of adequate seller identification.

3. Tracking a Transaction (Financial):

When there is a problem with a transaction, it is helpful if processors can connect the material purchased with the material's seller. Certain payment methods can make such tracking easier. The following list is not meant to be exhaustive. Some processors might use a combination of different methods to accomplish the goal of adequately tracking financial transactions.

Depending on your business model, any or all of the following could be considered:

1. Paying by check for large transactions.
2. Paying by ATM, with a record of the vendor's name. (Some ATMs also can photograph the seller.)
3. When payment is made in cash, methods of tracking transactions should be established such as requiring the seller's signature on a receipt for each transaction. The receipt should include a certification that the seller is the owner or authorized seller of the materials.

4. Tracking a Transaction (Video):

Many processing facilities already have extensive security video systems. Processors should consider adding additional video monitoring with a time stamp at the scale or cashier. The video time stamp allows the correlation of specific video segments to specific transaction times as recorded by the computer or the time stamp on a handwritten scale ticket.

5. Prohibited materials:

Processors should consider refusing to purchase certain types of materials unless the purchase is made in conjunction with a contract or letter of authorization. Materials that deserve such consideration include:

1. Materials that are generally sold by a business but brought in by an individual, such as new production scrap, new materials that are a part of a manufacturing process, baled corrugated or loose newspaper stand returns.
2. Items often used only by governments, utilities, or other specific industries. Examples include guardrails, manhole covers, certain cables used only in high-voltage transmission lines, historical markers, and cemetery plaques.
3. Full-sized, new materials, such as those used in construction, or equipment and tools used by contractors.
4. Materials that might not be new but are clearly suspect (for example, bleachers from an athletic field or traffic signs) and materials that seem suspicious (for example, 20-foot lengths of copper downspouts tied to the top of a 1970 VW Beetle).
5. Materials that are clearly marked as property belonging to an entity other than the seller, such as beer kegs, milk crates, and other marked materials.
6. Materials that have been reported stolen.

A more complete list of these types of materials can be found in ISRI's suggested legislative language.

6. Training:

Processors should consider developing a training program for scale operators and receiving personnel on how to identify suspicious materials.

1. Create a set of questions workers can ask when something seems suspicious. Determine when the scale operator or receiving personnel should call a supervisor if they are not getting reasonable responses.
2. Determine when the supervisor should contact a senior manager or owner if a sale seems suspicious.
3. Train personnel on what to say and do if they determine that they do not want to buy the material, how to react if the seller becomes confrontational, and when to call the police.
4. Maintain a list of items that have been reported as stolen through ISRI's Theft Alert System, from local police, and from other local or regional sources. Share that list with scale buyers and other personnel as appropriate.