

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

Unfortunately, criminals will take advantage of nearly every opportunity available to them. Thus, as scrap prices rise, the theft of scrap metals seems to increase as well. While construction sites, railroads, and utilities are frequently targets of thieves, no one is immune to this problem. Scrap processors also are often the victims of scrap theft.

Scrap processors can minimize the direct financial risk associated with the inadvertent purchase of stolen scrap 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 scrap from retail suppliers can pose a greater risk than purchases from industrial or commercial accounts because often the scrap processor will have a long-standing relationship with the industrial or commercial entity, will pick up the scrap directly from the business location, and will pay the business rather than an individual.

The goal of this document is to help scrap processors 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 scrap processing facility. Scrap 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:

Scrap processors should develop a working relationship with their local law enforcement, industry, and municipalities to create a mutual understanding of the challenges involved with preventing the inadvertent purchase of stolen scrap. Try to develop a trusting relationship so that they will alert you when they become aware of stolen metals. Try to make it clear to them that when you call to notify them that you might be receiving stolen materials, you need a prompt response.

2. Identifying a Seller:

Scrap processors 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 and recording a unique identification number for each customer and using it for every transaction with that customer. Such a number 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. Scrap processors might 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 scrap processors can connect the scrap 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 scrap processors might use a combination of different methods to accomplish the goal of adequately tracking financial transactions.

Scrap processors should consider any or all of the following:

1. Paying by check.
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 scrap processing facilities already have extensive security video systems. Scrap processors should consider adding an additional camera 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 hand-written scale ticket.

5. Prohibited materials:

Scrap 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. New production scrap or new materials that are a part of a manufacturing process that are being sold by an individual, not a company.
2. Items often used only by governments, utilities, or for very specific purposes. 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 have been reported stolen.

6. Training:

Scrap 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 and share that list with scale buyers and other personnel as appropriate.