

METALS THEFT: Is this billion dollar crime on YOUR radar?

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In Glendale, Arizona, police find a man in an abandoned commercial yard with burns covering 100 percent of his body. Apparently, the deceased was trying to steal copper from a transformer. His attempt cut power to 1,400 residential and business customers.

In Northeastern Ohio, seven people are indicted in federal court for conspiracy to steal copper from two-dozen First Energy and Cleveland Public Power substations. The FBI says the defendants sold the materials for \$15,000. Eventually, courts order the men collectively to pay \$242,626 in restitution and to serve more than 16 years in prison.

In Miami, a woman is struck by a car as she crosses the street at night. According to local news, "A 30-block stretch of road was unlit because copper wiring had been stolen from the streetlights, rendering them inoperable." Before the woman dies, a Miami Fire Rescue official adds, "We all feel if the streetlights were on, she wouldn't be fighting for her life."

In Elizabeth, New Jersey, four men exchange gunfire with police before being arrested for stealing a truck's worth of catalytic converters for the metal they contain. Police give chase and bullets fly through rush-hour traffic on Routes 1 and 9 North until a collision stops the truck.

Metals theft is a big problem: \$1 billion annually in the U.S. alone, the U.S. Department of Energy estimates, when factoring in damages and lost revenue. While the crime may

involve de minimus property content, the repair and replacement costs dwarf the value of the stolen items. The results are also aggravating (or worse) to customers, property owners, and other stakeholders as well as dangerous to first responders, utility workers, and more.

There were 41,138 insurance claims for the theft of copper, bronze, brass, and aluminum in 2011, 2012, and 2013, according to the National Insurance Crime Bureau (NICB). Of these reported incidents, 97 percent involved copper. The NICB notes that "the number of claims filed is found to have a statistically significant correlation with the price of copper."

Scope of the Problem

Copper is valuable: \$3.16 a pound in May, down from \$3.42 a year before but up from \$1.25 in 2009 and \$0.60 in 2002. It's also versatile, used in everything from electronics to fiber optics to plumbing and utilities. It's literally overhead and underfoot, from electrical lines to construction sites to telecom cables, cell towers to railroad switchyards to ordinary buildings. Thieves have gone after both old parts and new equipment – and most of the time get away with it.

Utilities, scrapyards, and railroads get hit often because of their abundant supply of copper and other metals and perceived lack of preventive security measures. In a 2009 survey by the Electrical Safety Foundation International, 69 percent of utility

markets reported copper theft in the previous 12 months. Nearly 8,000 incidents involved energized equipment. (According to the National Rural Electric Cooperative Association, media reports showed that two dozen would-be thieves died at power lines or substations in 2007 and 2008.) These utility thefts represented some \$20 million in value alone—not to mention repair costs, business losses, and human problems when electricity service is cut.

However, anywhere and anyone with visible copper is a target. These include churches for anything from air conditioners and weathervanes to organs and heat pumps. Electricians and plumbers are great targets for thieves looking to pilfer copper pipe and other material regularly used in those trades. Even cemeteries are not immune as thieves disregard any sacred or sentimental beliefs for copper, brass, and bronze in urns, markers, and ornaments—even prosthetic body parts in gravesites.

Criminals look for easy marks. Metals theft is a crime of opportunity, and churches cemeteries, and remote substations – often empty – fit the bill. Vacant properties are an obvious target, and in the wake of the Great Recession (2007 – 2009), foreclosure filings number in the millions. Detroit, one of the nation’s most economically hard hit cities, has fallen victim to thieves who strip wiring and parts from houses, schools, businesses, and streetlights, leaving nothing but empty shells. Lately this trend has extended to homes vacant at day and offices vacant at night.

The collapse of the housing market, which began slowly in the mid-2000s, certainly contributed to the trend for a number of reasons. First, as homes began losing value, foreclosures and other problems led to vacancies, which led to crimes of opportunity. Second, as unemployment and related economic issues rose and municipalities’ budgets were strained, there were furloughs among first responders, and law enforcement had a hard time keeping up even as more properties were being hit.

Some in law enforcement have blamed copper thefts on drug abusers, but in reality the problem is much larger in scope and cannot be labeled as a simple drug crime. High metals prices, lax security and protection of many objects of theft, their frequently untraceable nature, a poor economy and continued unemployment, have all contributed to the problem. For instance, as San Joaquin (California) Farm Bureau Federation program director, Kory Campbell, said in 2011: “Theft moves with the price of metal. When the economy’s bad, criminals are more desperate, and couple that with the increase in the price for copper, the crime rate rises.”

In its latest report, which covers thefts claims through last December, the NICB says the 41,138 metals theft insurance claims over the past three years came largely from Ohio, Texas, California, Pennsylvania, and Georgia. The top five metro areas for claims were New York/Newark/Jersey City, Chicago/Naperville/Elgin, Philadelphia/Camden/Wilmington, Atlanta/Sandy Springs/Roswell, and Dallas/Fort Worth/Arlington. There is good news in the report. The overall numbers have been decreasing each of the past two years, 26 percent overall. However, these statistics only reflect reported insurance claims

which are said to underestimate the number of thefts. As a result, there is no statistically valid data available to determine the scope of the problem. Metals theft is not the least bit new, but it arose in awareness – with the public and would be thieves – along with metal prices in the mid-2000s.

But, metals theft is not relegated solely to the urban areas as cited in the NICB report. In rural areas, thieves target farms vulnerable for both their stationary and mobile equipment, from tanks to turbines, not to mention their unprotected remote irrigation systems. Batteries found in tractors and other heavy farming equipment are also favorites. Thefts can often go unnoticed for extended periods due to the seasonal use of equipment. Stricter city ordinances in some localities have also meant rogue recyclers relocating to remote areas to avoid enforcement. The results put a further strain on the budgets and manpower of county sheriffs’ offices.

What’s Being Done

All 50 states have laws requiring scrap dealers to keep records of certain sales, and many go further than that – by mandating photographic records of sellers, vehicles, items sold, and so on. In some states, scrap sellers must be fingerprinted; in others, there is a tag and hold period (when items are required to be held for a set number of days before being processed), or the seller may be paid only by a check, with a few states mandating further that the check be mailed to a physical address. Some states have established transaction databases and electronic reporting requirements. Yet, none of these practices have proven to put any discernable dent in the crime.

Laws and practices may try to limit theft by focusing on items frequently stolen rather than on transactions. For instance, in Virginia, anyone dealing in secondhand building fixtures – particularly plumbing, heating, and wiring – must have a permit from the local sheriff or chief of police. This April, Michigan passed a law covering the state’s three most stolen scrap items: air-conditioning units, copper wire, and catalytic converters. However, laws alone cannot significantly impact the crime unless enforcement and prosecution follow. In budget conscious sheriffs’ offices, police departments and prosecutors’ offices, “property crimes” take a back seat to crimes against persons. While understandable, the perception of metals theft as a “typical” theft case has to change. The damage done to electrical and communications facilities can threaten a community’s critical infrastructure.

What has proven more effective than more legislation is when all stakeholders coordinate and communicate with each other and take each of their roles as part of the solution seriously. For instance, scrapyards not only maintain the required records and report suspicious transactions to law enforcement, but have also fallen victim to thieves. They have erected fences, installed cameras, hired guards, and more to stop thieves, who bring stolen goods to the desk by day and filch bales of wire from the lot by night. Property owners who are frequent victims, such as utilities and private industry, also have taken action to discourage thieves, using DNA water solutions, nanotechnology and laser-etched wiring for identification, and

copperweld wiring – with a steel core – to create a clear deterrent to theft by notifying potential thieves that they are likely to get caught with identifiable stolen property. But property owners and scrap recycling yards are not the only stakeholders that are part of the solution.

Law enforcement and prosecutors are essential, which sometimes is difficult given the misconception that metals theft is a “victimless” low-level property crime. Enforcement, prosecution, and prevention are key to reducing the problem. No doubt businesses must be held accountable and abide by existing laws. However, some recyclers express frustration when they feel the focus is on the industry and not the thieves. There are plenty of laws, says Danielle Waterfield, assistant counsel and director of government relations at the Institute of Scrap Recycling Industries (ISRI). What’s really going to bring results, she says, is when all stakeholders come together to figure out how each can contribute to a solution.

Often, additional legislation placing further restrictions on recyclers is seen as the solution to reduce metals theft. The problem is how to properly evaluate what works and what does not. An independent study conducted by the Knowledge Center of the Council of State Governments (CSG), released in May 2014, concludes that “no state is comprehensively tracking metal theft crime statistics, and while some local jurisdictions are reporting their own data, the data has a number of limitations when it comes to evaluating the impacts of state legislation.” The collection of data is further complicated by the fact the Uniform Crime Reporting Program does not have a specific code for metals theft to allow for accurate reporting by law enforcement agencies.

One legislative solution that seems to have almost unanimous support among most of the stakeholders involves the legislature providing more resources for law enforcement and teeth to the law to incentivize prosecution of metals thieves. It is no secret that prosecution of a felony is more likely than a misdemeanor charge, which is more commonly pled out if there is a charge at all. The scrap recycling industry supports changing states’ criminal codes so prosecutors can consider damages rather than simply the value of the metal when determining whether to charge a criminal with a misdemeanor or felony. “There is so much damage done in the retrieval of those products. In other words, if someone goes into a house that is under construction, they may do \$10,000 to \$20,000 worth of damage to retrieve maybe \$200, \$300 worth of recyclable metals,” Kurt Wall, director of the criminal division of the Louisiana attorney general’s office, told WAFB-TV this spring. In South Carolina, penalties are based on the total cost to replace an item that’s stolen or destroyed; a court may fine a convicted thief, impose a 3-to-10 year jail sentence, or both, regardless of the crime’s monetary value. Sentences jump when injuries are involved. North Carolina and several other states have enacted similar statutory amendments to assist with enforcement and prosecution.

For its part, law enforcement can’t be effective until officers on the ground know the applicable laws and the nuances of metals theft crimes. “Training of law enforcement regarding their state’s laws is essential to addressing this crime,” Rick Arrington, crime

prevention coordinator for the Virginia Department of Criminal Justice services, wrote on IACP.net. “Likewise, only recently have prosecutors recognized the unique nature of the crime and the need to provide training for investigators on specific evidence needs, evidence collection, and presentation.”

Outreach

ISRI is an organization that represents more than 1,600 U.S. companies that process, broker, and industrially consume scrap commodities of all sorts. ISRI, the scrap recycling industry, and law enforcement are joining forces to conduct training specific to metals theft. In 2012, for example, ISRI and Virginia’s Department of Criminal Justice Services conducted a joint training program that also included prosecutors and covered crime prevention. This training included an overview of the recycling industry, to include yard operations and metal identification, applicable laws, and evidentiary requirements.

This past January, ISRI formed the Law Enforcement Advisory Council (LEAC) made up of 10 law enforcement officers, security personnel, and prosecutors from around the country experienced in metals theft. Its first task was to develop a multilayered training program to help law enforcement.

LEAC members have helped ISRI reframe its strategy to better meet the needs of both law enforcement and the industry. For instance, they strongly suggested scaling down a proposed local, state, and national training outreach program on metals theft to something easier, inexpensive, and closer to home. This translated to videos and trainings for recyclers on how to help prosecutors build a metals theft case. The council also suggested that ISRI develop best practices for scale operators – the front line in scrapyards – on how to help identify and catch thieves in a reliable manner.

Law enforcement agencies have many demands on available resources. Some sheriffs and police chiefs have recognized the impact the crime is having on their communities and have made enforcement of metals theft laws a priority. One such example is in Anne Arundel County, Maryland, located midway between Washington, DC, and Baltimore, MD. Here, county police developed a six-person metals theft unit early in 2014, in response to an increasing problem. In April alone, the unit busted multiple suspects for stealing boat batteries from at least 15 properties as well as copper pipe, a water heater, and “junk metal.” It is understood that not all departments have the ability to form such units, but this should not diminish the need for situational awareness.

Awareness can come through both training and spreading the word. Collaboration and cooperation among the stakeholders has produced the most effective outreach and subsequent results. For instance, groups such as the East Texas Copper Theft Task Force (four electric cooperatives that lost \$4.3 million to thieves), along with a utility and an insurance company have mounted billboards, run newspaper ads, and held a “media day” to encourage the public to watch for suspicious behavior.

Law enforcement training and stakeholder outreach is greatly enhanced when officers understand the business of recycling

which often is best conveyed by a simple tour of a recycling yard. Many state recycling associations and individual recycling companies invite law enforcement and other stakeholders in for facility tours. Police, prosecutors, and legislators are frequently surprised when they learn that scrap recycling yards are not dirty “junk yards” that haul in random stuff with no value. A typical tour of a facility enlightens the visitors to the fact that scrap recycling is a legitimate sophisticated business operation run by people who require all sellers to produce valid identification and submit to photographs of themselves, their vehicles, and their goods. Prior to taking a tour, law enforcement generally does not realize the extent of the records maintained by recyclers and how these records can help law enforcement catch thieves and track down stolen material within hours or days.

The key components for a successful arrest and prosecution of metals thieves is communication and trust. It is essential that law enforcement understands that ISRI members and other honest recyclers are part of the solution and should be viewed as partners in dealing with metals theft, not as the bad guys.

While many recycling yards and scrap dealers are on the up-and-up, a common theme heard from the industry is that legitimate dealers feel at a competitive disadvantage from rogue or unscrupulous dealers who don't follow the laws. For example, a legitimate recycler will turn away what he or she knows to be stolen, say, a utility meter or manhole cover, but stolen items eventually find a home. Legitimate recyclers require identification; a “customer” unwilling to provide it will take stolen goods somewhere that does not require ID.

Since 2008, ISRI has offered ScrapTheftAlert.com, a website that lets law enforcement, corporate security personnel and other registered users post alerts that are sent to users within 100 miles of a theft location. In its first six years, the site led to 236 arrests or warrants issued and helped recover \$1.3 million in property. In March 2014, the site was upgraded to include an easier user interface for registering and submitting alerts; the ability to see user statistics via an interactive U.S. map; the ability to choose multiple locations to receive alerts; better customizable search capabilities by material, date, region, and keyword; extractable search results; additional materials categories to include vehicles, batteries, and cargo theft; and greater capacity for downloading images and information.

The website also allows for success stories. Among recent postings:

- The Washington Department of Transportation issued an alert about the theft of three 100-foot rolls of six-inch copper flat strap worth \$17,200. The next day, a scrap dealer contacted the DOT. Police made arrests, and 95 percent of the materials were recovered.
- When two 55-gallon drums containing copper pipe and wire disappeared in Elyria, Ohio, police contacted ScrapTheftAlert.com. A nearby salvage yard was able to supply clear still images of the transaction, the vehicle, and the suspect. Police issued warrants for the man's arrest.
- Florida's Polk County Sheriff's Office issued an alert about two pipe saddles valued at \$2,000. Within minutes, a

recycler was in touch to say it had purchased both and had plenty of data on the transaction. A suspect was arrested on multiple charges, and the owner recovered the property.

Success through partnership

Successful partnerships are becoming abundant across the country as metals theft is being recognized as a serious threat to individuals as well as to our critical infrastructure. In September 2013, Maria Bundock, an investigator with Time Warner Cable initiated a group that met on an informal basis in response to thefts incurred by her company. The group, now known as the North Texas Metals Theft Intelligence Group, consists of law enforcement; public utilities; prosecutors; government relations officials; and other telecommunications carriers, and now meets on a monthly basis to share information on trends in metals theft. The group also receives briefings from the recycling industry.

Working together has also been making a difference in legislation across the country, as the following examples show:

“When theft really got out of control, we came to the table with law enforcement, and it paid off,” says Rose Mock, president of the Florida Recyclers Association and of Allied Scrap Processors in Lakeland. The two interests approached legislators to develop solutions that have driven metals thefts down significantly.

Before 2008, Florida metals dealers merely had to copy a seller's ID. Then the state passed a law involving electronic reporting; photographs; getting the make, model, and year of the seller's vehicle, identifying details of the seller's person, and more. If the transaction involved more than \$1,000 in nonferrous metal, the dealer had to pay by check.

In 2012, Florida tweaked the law. Now even more rules apply, but only to a list of 21 “restricted metals,” including aluminum copper radiators, grave markers, and agricultural sprinkler heads – things that stakeholders statewide could agree on. The list grew out of “sitting down with law enforcement and asking, what are the most stolen things?” Mock says. The tweak seems to have worked. Since July 2012, metals theft has fallen 45 to 75 percent, depending on the region.

Working with both law enforcement and legislators pays off, she says, because “they don't think of you as the outlet for stolen material. They see that we're on the same side here.” For instance, Florida Recyclers invites law enforcement to its biannual meetings to build relationships. “They know the majority of us are legitimate and cooperative, so they're willing to get the state attorneys on board,” Mock explains.

The Florida effort serves as an example of what can be accomplished when all stakeholders work towards a common goal. Though the legislative changes made in Florida might not be effective in other jurisdictions, the lesson learned is that cooperation works.

Much the same thing has happened in the small town of Coshocton, Ohio, where Ty Smith, manager of Lity Scrap Yard, told the Coshocton Tribune this spring that government regulations, including a new requirement to report all transactions through an electronic database, have brought metals theft down.

“We work very closely with surrounding counties’ law enforcement agencies,” he said. “We really haven’t seen any [stolen goods] this year. That’s not to say there haven’t been people who tried that in the past.” In Ohio, dealers also have to copy sellers’ ID, photograph the sellers and the items, and record license plate numbers.

In 2008, Georgia law was changed to specifically address metals theft, rather than charging theft by conversion, and stiffer penalties were enacted. But that was just one strand of wire in a bundle of efforts to combat the theft problems. As the new law was being crafted, Chip Koplin, now governmental and public affairs manager for Schnitzer Steel’s southeast region in Macon, became alarmed at the uptick in high profile thefts. Working with the Macon Police Department, he put together a group of recyclers and stakeholders to address the issue and the results were positive. One step taken by the group was to issue theft alerts which included a point of contact from the appropriate law enforcement agency. Members have since aligned with the Southeast Metal Theft Task Force and have registered with ScrapTheftAlert.com.

Also in Georgia, the Atlanta Police Department formed the Metro Atlanta Copper Task Force, which involves members of the Georgia Recycling Association, Georgia Power, and the Fulton County district attorney’s office. And state-wide, sheriffs, police chiefs, recyclers, prosecutors, county commissioners, mayors, and electric cooperatives have met to share strategies and come up with further steps, such as strengthening state law.

That happened in July 2013 with a new Georgia recordkeeping law. Recyclers grumbled, says former DeKalb County police officer Lee Swann, now with Georgia Transmission Corporation, but “those added requirements really helped us in fighting metal theft. That plus the partnership, investigation, prosecution, judiciary, and the recyclers working together.” Thefts from his company have fallen roughly eight percent in the past year.

Moving forward

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will take a sustained collaborative grassroots effort that includes the recycling industry, law enforcement and corporate security, prosecutors, legislators, and community leaders all across the country.

Working together we can accomplish far more than we can alone, and only working together can we find a solution to this problem and reduce the rate and impact of metals theft that plagues our communities. ★

