

**STATEMENT OF
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**BEFORE THE
NEBRASKA JUDICIARY COMMITTEE
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Mr. Chairman and Members of the Committee, my name is Danielle Waterfield. I am here representing the Institute of Scrap Recycling Industries (ISRI). ISRI is the trade association that represents more than 1,600 private, for-profit companies that process, broker and industrially consume scrap commodities including metals, paper, plastics, glass, textiles, rubber and electronics.

Thank you for giving me the opportunity today to testify in support of LB434 and the serious nature of the metals theft problem, including an overview of one of the most important and effective tools developed by ISRI to combat the serious challenge of metal theft – *ScrapTheftAlert.com*.

I would like to reiterate what law enforcement groups around the country have recognized: with regards to metal theft, scrap recyclers are part of the solution NOT the problem. No legitimate scrap dealer wants or intentionally takes stolen property, and we will – and have – gone above and beyond what most businesses would do to address criminal activity impacting them. But, I cannot stress enough that we are not the criminals. Quite the opposite, ISRI is actively working to solve the problem of materials theft by providing member companies and community leaders with resources to face this issue. We're proud of our record on theft prevention, and point to numerous success stories where our theft alert system — the first of its kind — has been used by law enforcement and recyclers to stop criminals attempting to sell stolen goods.

The scrap recycling industry supports reasonable uniform legislation that advances open collaborative communication with law enforcement and victims of metals theft along with stiff penalties and prosecution of metal thieves. Without these principles, however, state legislation will be ineffective at combating metal theft. Statistics prove that collaborative efforts among all stakeholders coupled with the *ScrapTheftAlert.com* system have been very effective. ISRI strongly believes that the legislation before this body today (LB434) is focused in this manner and therefore is the best approach to stopping metals theft.

I. Vital to the Local and National Economy and Environment

Generating \$90 billion in sales in 2013, the scrap recycling industry is actually larger than the GDP of over 100 countries around the globe. Here at home, scrap recycling directly employs over 135,000 employees in the U.S. and has been creating “green jobs” for decades. At a time when the U.S. economy is struggling, scrap recycling is creating secure, meaningful work for the citizens of Nebraska. The scrap recycling industry is a positive solution in the state and U.S. manufacturing landscape, providing new jobs based on environmentally sensitive and sustainable business practices.

The vast majority of scrap recycling companies are family owned businesses, often built from “home-grown” operations dependent upon the trust and support of the local citizen population. These family operations contribute significantly to the local and state economy. They have stood with the same towns and cities in Nebraska and throughout the country for the past century, creating the backbone of the recycling infrastructure you see in this country today. The scrap recycling industry has provided stable, good-paying jobs in this country during the boom years, the lean years, and in war time. Understandably, we are known as America’s “Original Recyclers” and ISRI proudly wears the badge of the Voice of the Recycling Industry.

As the original recyclers, for decades—and indeed, centuries—the scrap recycling industry has been purchasing, processing, and brokering old materials to be remade into new products, providing critical resources for America’s manufacturing industries. Now, with the growing focus on protecting our natural resources and reducing greenhouse gas emissions, the scrap recycling industry is being recognized as the world’s largest and oldest environmental industry, while playing a prominent role as an economic leader, job creator, major exporter, and environmental steward.

II. Vital Stakeholder in the Community-Wide Effort to Stop Metal Theft

ISRI and its member companies have been working aggressively over the past few years to help solve the problem of metals theft. Not only have scrap recyclers voluntarily opened their doors and cooperated with law enforcement, the industry has developed countless tools to assist recyclers identify and report suspicious property as it passes through the weigh scales. ISRI encourages efforts to raise the bar evenly by requiring everyone to take their responsibility seriously. This must include the active involvement of the industry, law enforcement and victims of metals theft.

There is no doubt that metal theft has become a problem that hurts the community and our industry. Recyclers have become the victims of theft from our businesses and by attempts by criminals to sell stolen goods. ISRI supports effective legislative efforts that

follow the good business practices recommended by our industry (e.g., requiring photo identification for every retail transaction). However, well-intentioned but ineffective legislative efforts to solve the problem have burdened this industry and increased the overall damage from this issue.

We all want to solve this problem, but harsh legislation can actually harm our business and make it more difficult to track stolen goods. Together, we can create workable solutions to prevent theft. Scrap recyclers have already worked in partnership with law enforcement and state legislators to create real solutions to this problem in places like Colorado, Washington, Ohio, New Mexico, and California. We look forward to doing the same in Nebraska.

III. The Need for Innovative Solutions involving all Stakeholders

We are all here today seeking how to better fight metals theft because existing law has not stopped the rash of thefts that are plaguing our communities. I am here to testify that despite the fact that 50 states now have specific metals theft statutes, for the most part, the laws alone have not worked. In fact, the Council of State Governments (CSG) released a crime study in May 2014 indicating that there is no empirical data which indicates any particular legislative approach works in the fight. As such, we must carefully weigh the implications of any specific legislative action.

ISRI applauds Senator Cook for recognizing what several other states have started to realize: law enforcement and recyclers are partners against metals theft that need an open line of communication to effectively bring thieves to justice. LB434 identifies a tool for law enforcement and recyclers that is proving its value across the nation as recyclers are put on alert to watch for stolen materials that may come through their gates. Nine states have incorporated the use of a national theft alert system into their metals theft statutes. Utilizing a national theft alert system is an effective proven approach to metals theft that does not impose burdensome requirements on legitimate, tax-paying, job-creating businesses who have a very significant vested interest in the economic state and well-being of their communities. It is for this reason ISRI supports LB434.

IV. Collaborative Efforts Produce Positive Results

Open communication between law enforcement and scrap recyclers is proven to help catch metals thieves. Restrictive laws that differ by jurisdiction aimed at metal recyclers instead of criminal thieves simply drive thieves to take the materials to other jurisdictions where laws are less burdensome, making it less likely that the thieves or the materials can be easily identified, and far more difficult for local law enforcement agencies to locate the material.

A realistic and more practical solution to this problem involves a collaborative effort between law enforcement and scrap recyclers. Scrap recyclers cannot legally take

on law enforcement duties, but if law enforcement will alert recyclers of stolen material for which to be on the lookout, recyclers certainly can work with law enforcement to identify the material and the thief trying to sell it. This flow of information is proven to work when scrap recyclers are on alert for particular stolen or suspicious materials, and law enforcement is ready to investigate, arrest and prosecute the thief.

A. National Automated Alert System

ISRI supports LB434 introduced by Senator Cook as a reasonable and practical move to address the problem of metals theft. A national electronic alert notification system connecting law enforcement with recyclers as partners in the fight against metals theft is an effective tool that has proven results. Such a system, however, is only as effective as the information and users make it, and so it must be available to all law enforcement, recyclers, and other stakeholders at no cost to the users. Furthermore, the taxpayers should not be saddled with the bill. ISRI is aware of only one such nationally-scalable cross boundary system that is available to all users at absolutely NO cost to the state treasury or taxpayers and also not influenced or funded by for-profit database companies – the *ScrapTheftAlert.com* system.

The value and benefit of a national alert system has been recognized by nine states in their metals theft statutes. The most recently enacted law (California AB2312) went into effect just this month in the state of California, in which state legislators specifically recognized the ISRI *ScrapTheftAlert.com* system as the statutory standard for the national alert system it deemed to be essential in fighting this crime. Six of the nine state laws that mandate the use of an alert system specifically name the ISRI system as the statutory standard. These states include California, Colorado, Michigan, New Mexico, Ohio, and Washington. Of the remaining three states (Arizona, Kentucky and Oregon), two have adopted the ISRI system in practice as meeting the statutory requirements.

The *ScrapTheftAlert.com* system is a proven mechanism already being used by some law enforcement in the state of Nebraska and nationwide to distribute reports of stolen property immediately within a 100 mile radius of the theft. There are more than 18,000 registered users of this system. This automated online reporting mechanism is designed to stop metal thieves in their tracks by alerting scrap recyclers of stolen material for which they can be on the lookout and report to police if it comes through their gates.

The *ScrapTheftAlert.com* system is available to each and every law enforcement agency in the country and to any scrap recycler and public citizen interested in receiving notification of stolen metal. The entire cost for development and daily operation of this system is completely funded by ISRI and its member companies because we take our responsibility as a stakeholder in the metal theft problem seriously.

The *ScrapTheftAlert.com* system is easy to use and requires only a computer with an Internet connection. Whenever the system is notified of a metals theft, by either a direct entry by law enforcement or victim, *ScrapTheftAlert.com* immediately sends out an email to all registered users within a 100 miles radius of the theft – not only in the state where the theft occurred, but in all surrounding states – giving scrap yards notice to be on the lookout for the material. Registered law enforcement officials may also use the data to track stolen metal reports and maintain close communication with the scrap recyclers within their jurisdiction.

The *ScrapTheftAlert.com* system does not involve reporting unnecessary and unrelated personal transactional data but still allows police to gather useful information they might regard as “tips” directly from alert scrap recyclers. The system is designed so that scrap recyclers may issue “reverse alerts” notifying their local jurisdictions that they might have received suspicious or stolen property. Furthermore, in just a few weeks the system will launch a private law enforcement portal in which suspect information can be shared. The *ScrapTheftAlert.com* system simplifies and encourages the distribution of information of these occurrences to all stakeholders. These efforts have been praised by local enforcement agencies for assisting in the arrest of numerous suspects.

There are numerous documented success stories from law enforcement across the nation on the effectiveness of *ScrapTheftAlert.com* in catching thieves and recovering property. For instance, in November 2014, AT&T security issued an alert using *ScrapTheftAlert.com* notifying recyclers that 50 lbs. of copper material had been stolen from an AT&T facility in Goodlettsville, TN. Later in the month, Southern Recycling, Inc. of Bowling Green, KY recognized the property coming in its gate from the alert it had received about a week earlier. With the recycler’s cooperation, the Goodlettsville Police Department was able to tie the suspect to 25 thefts in multiple Tennessee jurisdictions and recovered additional copper materials. I encourage you to visit *ScrapTheftAlert.com* to read more stories like this which are posted on the site.

B. National Training Programs

On top of everything else, the scrap recycling industry this year is going one step further and has begun development of a national training program for both law enforcement and scrap recyclers. This training program, which includes review on the operation and use of *ScrapTheftAlert.com*, is being directed by a national Materials Theft Law Enforcement Advisory Council, which is comprised of a select group of experienced law enforcement officers, prosecutors, and security personnel from around the country with an understanding of the metals theft issue. The Council is advising ISRI in the development of a comprehensive program to address metals theft, including a multi-layered training program to assist law enforcement.

The training program was developed because ISRI believes it is essential that all stakeholders understand each other’s positions and make honest good faith efforts to

respect and cooperate with each other. What seems like a reasonable request to one stakeholder may not be practicable to the other. The scrap recycling industry can and should collect and provide data to assist law enforcement with investigations, while not being asked to cross the line into sworn duty activities themselves. Law enforcement needs to understand the nature of the scrap recycling industry and vigorously go after and prosecute the thieves once apprehended. And, while victims cannot be expected to catch the thief who makes off with their property, they can be encouraged to work preventatively to safeguard their property.

ISRI extends an invitation to Nebraska public officials interested in working with the industry to develop a Nebraska-specific training program. This invitation comes with whatever informational tools and resources we have that might assist with fighting metal theft in the state of Nebraska.

V. Conclusion

Working together in collaborative coalitions involving all stakeholders is the most effective method to stop metal thieves. For their part, scrap recyclers have collectively formed industry-wide recommended practices and procedures, facilitated local and regional cooperative coalitions, and created training programs for law enforcement and recyclers which are all designed to stop the thieves. Scrap recyclers have diligently worked with victims, law enforcement agencies, and legislators to find cooperative ways to reduce or eliminate metals theft around the country.

The scrap recycling industry has been and remains committed to working with law enforcement, community leaders, and affected businesses to help stem the problem of metal theft. The industry is eager to participate with law enforcement and urges Nebraska public officials to investigate and use the *ScrapTheftAlert.com* system to alert scrap recyclers of stolen metal. The system is available at no cost to the taxpayer while providing a state of the art tool and border-free access to law enforcement.

Thank you again for this opportunity to speak before this distinguished committee. ISRI looks forward to working with you on this issue.