2001

High technology cargo theft: A new multibillion dollar criminal industry

John Robert Yakstas

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HIGH TECHNOLOGY CARGO THEFT:
A NEW MULTIBILLION DOLLAR CRIMINAL INDUSTRY

A Thesis
Presented to the
Faculty of
California State University
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts
in
Criminal Justice

by
John Robert Yakstas
June 2001
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Approved by:

Dale K. Sechrest, Chair, Criminal Justice 5/10/01

Larry K. Gaines

Deborah A. Parsons
ABSTRACT

The central theme of this study is to explore the growth and causes of a relatively new form of "property crime" - the large scale theft of high technology products while these products are in transit from the point of manufacture to the point of market (retail stores, end users). For the purpose of this study, high technology products may be defined as computers, computer monitors, computer hard drives, microchips and other computer peripherals.

This study presents evidence that the growth of cargo theft as measured by dollar loss, particularly since 1990, is directly related to the dynamic growth of the high technology manufacturing industry in America. Furthermore, current law enforcement efforts to combat this problem are insufficient, and if future efforts are not undertaken on a highly organized nationwide scale, this criminal enterprise will flourish and continue to grow.

Four facets which comprehensively describe and analyze the criminal problem of high technology cargo theft are examined, chapter by chapter. Chapter I focuses on defining what cargo theft is, provides a historical overview of cargo theft in the U.S., present current cargo theft dollar
loss estimates, examines rising cargo theft trends theft problems that owe to the burgeoning growth of high technology product manufacturing in the U.S., and describes the modus operandi utilized in committing this crime. It will also provide a description of the groups who engage in large-scale cargo theft, and report details on the "fencing" operations through which the stolen cargo is distributed and sold.

Chapter II examines the growth of the high technology product manufacturing industry since the late 1980's, and describes the rising consumer demand for these products as measured by the increasing yearly dollar amounts of all total high technology products manufactured in the U.S.

Chapter III presents data that details the rise in cargo theft in the past ten years and describes law enforcement response to the formation of the criminal industry that has developed around the theft of high technology products. A review of legislative response to the high technology cargo theft problem will also be included.

Chapter IV provides a discussion of the findings and conclusions of this study, with suggestions for future
research. It includes policy implications and recommendations for establishing a framework for future prevention of high technology cargo theft, especially as they relate to improved documentation of such theft.

Chapter V consists of a conclusion that succinctly reiterates the problem, its extent, and briefly restates the recommendations of this study.

The data utilized in this study has been obtained from U.S. Government documents, private industry manufacturing statistics, and law enforcement investigative teams that specialize in the investigation of cargo thefts. These data will demonstrate that a multibillion dollar criminal industry has evolved as a result of the rise of high technology manufacturing in the U.S. This study also shows that while manufacturing rates and the rates of theft of high technology products have grown, criminal justice system strategies to combat this problem have not kept pace. An outline for improved prevention of this type of crime is, therefore, offered.
ACKNOWLEDGEMENTS

I would like to gratefully acknowledge the assistance given to me by members of law enforcement and private industry alike in the formation of this study. I would like to thank the Los Angeles County Sheriff's Cargo CATs team, FBI Long Beach, CA. office, New Jersey State Police Cargo Theft and Robbery Unit, San Francisco/San Mateo Cargo Theft Task Force, South Florida TOMCATS team, and the California Highway Patrol for their efforts in providing data and information utilized in this study. I would also like to thank my counterparts in private industry who have freely shared their knowledge of the esoteric world of cargo theft. I am truly privileged to be able to work with the personal and professional caliber of individuals in both law enforcement and private industry that are cited above.

My gratitude is also extended to the members of the graduate advisory committee, Dr. Dale Sechrest, Dr. Larry K. Gaines and Dr. Deborah Parsons for their guidance in the shaping and defining of this study.
I must also express my sincere appreciation to my wife, Linda, for her never-ending patience in assisting me in the preparation of this study.
TO THOSE WHO CATCH THE BAD GUYS...
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CHAPTER ONE
A HISTORICAL OVERVIEW OF CARGO THEFT

Introduction

The movement of goods from point of manufacture to market in the U.S. is dependent upon the effective operation of a smooth flowing commercial cargo transportation infrastructure. The primary modes of transportation of goods in the U.S. are trucks, airplanes, and railroads. For the purposes of this study, the theft of these goods while they are within the commercial transportation system is referred to as cargo theft. Large scale thefts of goods have hampered the U.S. distribution system for many years.

The first attempt at quantifying the extent of cargo theft in the U.S. was initiated in the late 1970's and early 1980's (Publicover, 1999) by the Department of Transportation (DOT) Office of Transportation Security (OTS). The OTS was established within the DOT for the purpose of researching and quantifying the cargo theft problem and organizing a government campaign against it. The OTS utilized combined industry and government resources
and staffing, and was given a mandate to work with private industry on this serious problem (Badolato, 2000). Until the demise of the OTS in 1982, it provided both law enforcement and private industry with reports on topics related to cargo theft. Unfortunately, no such government entity as the OTS is in existence today. Perhaps the most significant study to emerge from this era, however, was a government General Accounting Office (GAO) study (Comptroller General of the United States, General Accounting Office (GAO), (1980), which identified the extent of cargo crime in the United States and evaluated the performance of the OTS in examining this crime. The GAO study found that while the OTS had estimated that 1977 losses due to cargo theft amounted to approximately 1 billion dollars (adjusted for inflation the GAO figure would equal approximately 1.8 billion 1997 dollars), the OTS analysis "underestimated the amount of theft-related losses" (GAO, 1980). The GAO attributed the underestimation of losses by the OTS to data relying solely on submissions only from large cargo carriers, omitting for the most part, medium and smaller sized carriers from the study (Publicover, 1999). Moreover, the GAO study stated that indirect costs, such as filing claims, investigations, and
paying claims on these losses were believed to be two to three times the amount of the actual losses, bringing the total cost to somewhere between 2 and 5 billion dollars (GAO, 1980). Perhaps most important in terms of error, however, is the fact that OTS study did not address the issue of intentionally underreported or unreported losses.

Chronic Reporting Problems

In attempting to gauge any truly representative dollar loss figure, as cited in the 1980 GAO study, unreported and underreported losses were a major impediment twenty years ago and they remain so today. Many cargo carriers, as well as manufacturers, are reticent to report theft losses for fear that if some losses were made public, customer confidence in particular carriers as well as manufacturers might be inhibited (Publicover, 1999). The cargo transportation industry, therefore, often viewed it as less costly to absorb smaller losses and have insurance only cover larger loss claims.

Additional reasons for non-reporting and underreporting cited by the GAO study include the fact that carriers feared manufacturers might shift business to another carrier due to security concerns; carriers wanted
to limit the ability of competitors to utilize poor security records as part of an effort to expand market share; carriers feared that insurance companies would use theft statistics to raise rates of coverage; and carriers were unable to determine the actual point of loss during long or complex movements of cargo, making filing a police report impossible. The fact that no nationwide reporting system exists that provides a data base to measure dollar loss figures adds to the problem of non-reported and underreported losses. Empirical data on cargo theft losses is extremely limited since no central repository of information exists. Presently, only a very few cargo theft task forces collect data on incidents of theft in their respective jurisdictions (Toth, 1997). They tend to be local or regional, which provides only a sketchy picture of the problem.

Current Cargo Theft Estimates

From the time of the demise of the OTS until approximately 1995, organized efforts by the Federal government on a nation-wide scale to combat the problem of cargo theft, for the most part became a non-issue (Tyska, American Trucking Association (ATA) Security Forum, 2000).
In the early 1990's, however, cargo theft began to rise in several areas of the U.S., and one of the nation's first multijurisdictional law enforcement cargo theft investigative teams, the Los Angeles County Sheriff's Department Cargo CATs (Cargo Criminal Apprehension Team) was formed to address the growing problem of cargo theft in Southern California. By the mid 1990's cargo theft began rise steeply (Publicover, 1999) and in April of 1996, the Federal Bureau of Investigation (FBI), at the behest of the U.S. Department of Justice, held an Interstate Theft and Strategic Initiatives Cargo Theft Conference in Miami, Florida (Millar, FBI Symposium, 2000). One of the more important aspects of this conference was that the FBI did not limit the invited conference attendees to members of law enforcement. Private industry and cargo transportation representatives were invited to attend and were actively solicited for information and participation. In 1997 the FBI estimated that cargo theft totaled 3.5 billion dollars. During that same year, the National Cargo Security Council (NCSC), a coalition of public and private transportation organizations, estimated cargo theft nationally at 10 billion dollars per year. Figure 1 plots the steady increase in cargo thefts.
By 1999 the FBI estimated that cargo theft in the U.S. amounted to 7 billion dollars per year (Millar, FBI Symposium 2000). However, according to the U.S. Department of Transportation (Publicover, 1999), the rule of thumb used by law enforcement in estimating property theft is
that only 40 percent of businesses or individuals actually report the theft. Based on this percentage, the 1997 FBI estimate would equate to 8.75 billion dollars in losses for the year 1997 and the 1999 FBI estimate of 7 billion dollars would equate to 17.5 billion dollars (Publicover, 1999). This higher dollar figure is more in line with the year 2000 U.S. cargo theft figure of 12 billion dollars in losses as estimated by the NCSC. The FBI also recognized that their estimates do not include losses from many smaller cargo transportation companies or cargo stolen in geographic regions of the U.S. in which the FBI does not have cargo-related theft task forces or programs (Publicover, 1999). Moreover, the FBI currently concedes that domestic losses due to cargo theft may well reach 12 billion dollars per year in the year 2000 (Millar, FBI Symposium, 2000), while the United Nations' International Maritime Organization (IMO) places cargo theft losses at 30 billion dollars per year worldwide (Badolato, 2000).

According to Tyska (ATA Security Forum, 2000), in terms of cargo theft, the period of 1983 through 1990 is known as "the lull before the storm." He contends that during this period there was no federal focus on cargo crime due to increased federal law enforcement attention to
the "war on drugs," gangs, terrorism and the problem of illegal aliens entering the U.S. en masse. Federal resources were directed toward these problems, and efforts related to cargo theft were greatly reduced. At the same time, government and industry combined efforts slowed to nearly a halt.

A resurgence of cargo crime began in the 1990's and a new breed of cargo thief emerged - high technology cargo thieves. Between 1993 and 1998 the FBI estimates that while there are no exact statistics available, there was at least a 600% increase in cargo theft dollar losses (DeSarno, FBI Symposium, 2000). This is attributed to the enormous amount of high-value, high technology products that began being stolen while in transit. Thieves realized, as the Rand study (Dertouzos, Larson, and Ebener, 1999) pointed out, "a suitcase of microprocessors is worth more than the equivalent amount of cocaine, is more difficult to trace, and is not a felony to have in one's possession" (p.2). It may also be observed that legal penalties involved in theft of high technology products pale in comparison to those for drug-related crimes (McKay, 2000).
High Technology Cargo Theft
Modus Operandi

The weakest link in the transportation supply chain of high technology product shipments lies in the trucking industry. Trucks may be the target of robberies in several ways. Organized criminal groups come to learn which products leave from particular loading docks at manufacturing sites. They observe the freight or use paid informants. When they note a truck leaving a targeted dock they notify fellow thieves who then follow the truck, many times in a van. They then accost and sometimes kidnap the driver, and hijack the load of high technology cargo that can amount one half million dollars of high technology product in one truckload.

Other times, they may follow the truck, wait for the driver to stop to eat or make a telephone call, and then break into the rear door of the trailer and remove $100,000 to $200,000 worth of high technology product within a few minutes. Some individuals who commit these crimes are well armed and will not hesitate to kill a driver who attempts to thwart their efforts (L.A. Times, 10/12/93). The trucking industry is the most frequently victimized mode of cargo transport by high technology cargo.
thieves as 85% of all cargo transported in the U.S. is moved by truck, according to the U.S. Seaport Commission's 2000 report (U.S. Secretary of Transportation, 2000). Railroad containers have also been targeted for theft, as well as loads of high technology freight being transported by air (Ohlhausen, 1997).

Who Engages in Cargo Theft?

The organized groups who steal cargo professionally have come to be known to law enforcement as "crews" (Steinhauser, 2000). Many of those who are members of the substantially large crews have immigrated into the United States from Ecuador, Peru, Columbia and other countries specifically for the purpose of engaging in high technology cargo theft (Ohlhausen, 1997). Vietnamese gangs have specialized in armed takeovers of high technology manufacturing sites in Southern and Northern California (France and Burrows, 1997). It is exceedingly difficult for law enforcement to place undercover operatives into these organizations due to the close-knit nature of these immigrant groups.

These crews are often aided in their illegal activities by obtaining "inside information." Specific
information can be obtained by thieves on what products being shipped, what their value is, when they will be shipped, and what cargo transport company will be carrying them, by placing their associates in jobs at manufacturing facilities. Even a dockworker or office clerk can gain access to shipping information that can set up a major theft. In fact, one law enforcement cargo theft team estimates that 80% of the high value, high technology truckload thefts that they are currently investigating involve complicity between the truck drivers and the thieves (Morales, 2000).

A Cargo Theft Crew Profile

As previously stated, many of the organized professional cargo theft groups known as crews have immigrated to the United States from various countries across the world. Cuban crews are based in Florida and conduct their theft activities primarily throughout the Southeastern United States (Morales, 2000), Per the FBI (Internal Memo, 2000), Southern California plays host to three ethnic groups that account for the majority of cargo theft in the region. They are, in order of activity, Hispanic (primarily Ecuadorian), African-American (mainly
older Crip and Blood street gang members who have graduated from traditional gang activity to cargo theft), and Asian (mostly young Vietnamese gang members, almost exclusively engaging in high technology product thefts).

The foremost ethnically based crew in Southern California engaging in cargo theft, particularly high technology product theft, consists of Ecuadorian nationals (Choo, 2001). While the Ecuadorian group is by no means the only organized cargo theft group in operation in Southern California, their activity, which is believed to have commenced in the early 1990's, has been prodigious. Choo (2001) states that law enforcement has identified a network of over 300 Ecuadorian nationals, many in this country illegally, as cargo theft crew members. Jefcoat (2001), disputes this figure and states that the Ecuadorian organization must be viewed in it's totality, i.e., not only focusing on the number of identified crew members who actually perform thefts, but also broadening the scope to include those who finance the organization, and those who store, fence, and distribute the stolen cargo. Jefcoat contends that the Ecuadorian organization is over 3,000 individuals. These individuals are located in New York, Florida, and San Jose, CA. However, both Choo and Jefcoat
agree that Los Angeles appears to be their center of operations and home to the hierarchy of the organization.

Known Ecuadorian crew members have been found to range in age from 18 to 65 years, with the notable exception of an 86 year-old Ecuadorian arrested recently in San Jose, CA., who occupied a "minor" position in their organization. While the organization is comprised primarily of males, females, too, perform functions such as drivers of "spotter" or "chase" vehicles that are used to run interference with law enforcement in the event of a pursuit following a theft. Female members are also used to rent vehicles used in thefts. It has been determined that many of the male Ecuadorian crew members have military and/or police backgrounds in their native country (Jefcoat, 2001). It is believed that this fact accounts for their highly skilled adeptness in counter-surveillance techniques, which have many times compromised law enforcement surveillance of the group. It has also been noted that they appear to be very familiar with the capabilities of different video camera systems employed by high technology manufacturing facilities in the monitoring of activity around facility perimeters, and have avoided, for the most part, being
identified by video systems by staying out of range of the cameras.

As stated, Choo (2001), believes that over 300 individuals have been identified as being part of this Ecuadorian cargo theft group throughout the U.S. The members of this group are highly mobile and frequently rotate from Florida to San Jose to New York and to Los Angeles. The leader of the group dispatches individuals to the separate "cells" of the organization throughout the country. The leader is also known to have, at times, taken "orders" for specific types of high technology products from potential buyers and then ordered crews to "shop" various manufacturing and shipping locations throughout the country in an effort to locate and steal large quantities of the desired product (Choo, 2001). At other times thefts occur without prior knowledge of exactly what product is stolen, only knowing that the theft will involve some type of high technology product. When the product is stolen, it is quickly distributed to "fences," many times within only a few hours. These crews demonstrate an almost admirable "work ethic" in that they generally engage in some form of surveillance or search for some form of potential product to steal on at least a five day per week basis (Zavala,
2001). Over the last decade these crews have evolved in terms of their tactics. During the early 1990's, they were using their own personal vehicles for surveillance activity and thefts. By 1995-1996 most crews began utilizing rental vehicles, generally favoring the usage of vans, SUV's, and occasionally large sedans for their activities. Many times, just prior to the commission of a theft, they will place paper bags over the license plates of their vehicle, although it recently has been noted that they are apparently applying false paper license plates over the legitimate plates, and easily remove the paper plates after a theft.

In terms of surveillance activity, many of the males wear work-type garb, giving them the appearance of construction workers, mechanics, or delivery drivers. This allows them to casually walk around the area of potential targets without raising suspicion as to who they are and what they are doing in the area. The crews will perform surveillance of high technology manufacturing and shipping sites and learn shipping patterns and volumes of shipments. Truck drivers picking up high technology freight from manufacturing sites are followed, generally by two vehicles, the first vehicle being the theft vehicle,
usually a van or SUV with middle seat removed for stolen product storage, and the second vehicle being a "spotter" or "chase" vehicle. In cases where suspects have been apprehended, only the drivers of the vehicles carry identification. The other passengers carry no identification, and claim to be unable to speak English. They invariably tell Spanish translators that they know nothing of any thefts and are riding around looking for work. In one such arrest, during a law enforcement search of the vehicle involved, a large address book was found with over 200 handwritten names and addresses of computer manufacturers and distributors, primarily throughout the State of California, but also containing addresses in Texas, New Jersey, Illinois, Idaho and North Dakota. A note in Spanish was also found in the address book describing a zircon timer for a bomb, which it is theorized, the crew may have had an "order" to steal (Jefcoat, 2000).

When a crew spots a suitable target truck that they know is carrying high technology freight, they will follow the vehicle, sometimes throughout the entire day (the favored time to strike is between 1500-1900 hours, when traffic congestion slows police response time and hampers pursuits), until the driver stops to take a break, makes a
telephone call, or leaves his or her vehicle unattended while making another delivery. At that point, the entire "rig" may be stolen or the crew will break into the rear door of the freight trailer and quickly remove as much high technology freight as is possible before being spotted.

It is of interest to note that while incidents of violence have occurred during the commission of thefts involving other ethnic groups, in most scenarios the Ecuadorian thieves intentionally avoid engaging in physical confrontations. When the lookout alerts those in the process of removing freight from a trailer that they have been "made" in the act of theft, the thieves immediately drop what they are carrying and flee without threat or confrontation. Typically, the driver of the theft vehicle never leaves his position behind the steering wheel and a lookout in the second car is in constant cell phone or two-way radio communication with the driver, while other passengers from the first vehicle perform the theft. The timing and execution exhibited during the course of the robberies is near perfect and the robberies are clearly well planned. As mentioned, violence is eschewed. It is believed that the Ecuadorian crews are aware of law enforcement policies and procedures, as well as the laws of
the U.S., and they realize that if their activities turn violent that considerable pressure from law enforcement would result, and that violent crimes carry much heavier penalties than unarmed theft.

In terms of arrest and prosecution of the Ecuadorian crews, Choo states that since June of 1998 through January of 2001, only five crews have been arrested nationwide and that within approximately one week of each set of arrests, the crew had been replenished with other Ecuadorians. Furthermore, thus far law enforcement has not been able to place even one undercover operative into an Ecuadorian crew. Choo cites two reasons for this. First, the tightly knit Ecuadorian cultural background will not permit any "outsiders," even other Central and South American immigrants into the crews. Secondly, the backgrounds of crew members are closely examined to ascertain the identity of any relatives who still reside in Ecuador. Should a crew member ever cooperate with American law enforcement, the relatives in Ecuador would be the target for reprisal.

On occasions when Ecuadorian crew members are arrested, they invariably insist to law enforcement and to the INS that they are Mexican nationals and demand to be sent to Mexico. Once sent to Mexico, they quickly return to
the U.S. and resume their criminal activities. One tactic recently developed is to question those arrested in the presence of the INS to describe the Mexican flag, name the President of Mexico, or answer other questions that presumably a Mexican national would know at least some of the answers to. The Ecuadorians apparently have not been coached on such subjects and often failed to answer such questions correctly. Law enforcement believes that once deported back to Ecuador, some of these individuals may have been killed for their "failure" (Choo, 2001).

Law enforcement has also noted that when Ecuadorian crew members who have been arrested in cargo thefts are brought to trial, that other Ecuadorians, primarily females, are sent to attend the trials and report back to the leadership of the organization as to what transpired in court and what the defendants stated. Recently, two female crew members were observed leaving Los Angeles via airplane to attend a trial in San Jose and then were observed immediately flying back to Los Angeles at the conclusion of the trial, presumably to report on what had occurred during the trial.

As far as convictions, when crew members are caught, they generally "plead out" and with no proven criminal
history in the U.S. they are sentenced to probation and/or time served with a fine, which is promptly paid by the Ecuadorian organization.

Law enforcement has also noted that Ecuadorian crew members have been so bold as to enter "cop bars" where Hispanic officers are known to congregate when off duty. It is believed that the purpose in this activity is to identify potential Hispanic law enforcement undercover operatives (Choo, 2001).

Law enforcement has also identified certain bars, parks and locations of soccer matches where Ecuadorian crew members congregate. Lookouts are generally posted at gatherings, many times cruising the area on bicycles looking for police. In several instances the lookouts have been able to compromise law enforcement surveillance activity (Choo, 2001).

As stated by Choo, "the scope of the Ecuadorian crew organization is so enormous that no one law enforcement agency can handle it - a nationwide task force is needed." He sees a lack of communication and inter-agency cooperation as major impediments to combating the Ecuadorian crews. Choo summarized the problem succinctly by stating "without communication everyone (individual law
enforcement agencies) is an island, and islands are sinking..."

The Fencing of Stolen High Technology Freight

The sales pipeline of stolen high technology freight extends itself on a worldwide basis. The FBI reports that the fencing of stolen high technology cargo has gone from being an interstate problem to one of international scope. Stolen loads of high technology freight have been traced to countries bordering the U.S. such as Mexico and Canada and also to more adversarial countries such as Jordan, Iran and Iraq (Millar, ATA Forum, 2000). Other thefts have occurred where stolen high technology products have been found in countries such as Ireland and Australia within 72 hours of their being stolen in the U.S. (Ohlhausen, 1997). Of note is the fact that thieves can get a high price on stolen high technology product—up to 50% or more of the market value of the product as opposed to the more common 10% on other stolen goods (Ohlhausen, 1997). This fact, coupled with the existence of a plethora of both "black market" and "grey market" buyers of stolen goods, insures that quick and profitable turnover of stolen high technology products can be accomplished.
While illegal "black market" fences knowingly buy and sell stolen goods, "grey market" fences are legitimate businesses that also deal in the buying and selling of stolen high technology products along with legally obtained products of the same nature (Steffensmeir, 1986). Due to their appearance of legitimacy, they are difficult to identify.

In addition to the problem of identifying fences, many high technology products are not traceable due to manufacturers not recording the serial numbers for their products until the product has been sold on the market and buyers send in warranty cards citing the serial number on the products. The FBI (Internal Memo, 2000) states that similar to cargo theft crews, many fencing operations can be categorized along ethnic lines, with the multi-national nature of these fencing networks aiding in the international distribution of stolen goods. Large-scale Middle Eastern, Asian, Israeli, Hispanic, Russian and Armenian fencing operations exist both in Southern California and nationally.

Lastly, while fences fuel the thefts of high technology products by organized crews of cargo thieves, the fences themselves are fueled by the ever increasing
worldwide consumer demand for high technology products. The continued growth of the high technology industry, driven by technological advances and the subsequent development of new products then becomes the point of origin in the cycle of high technology theft. Therefore, an examination of the past, present, and future predicted growth of the high technology manufacturing industry is in order.
CHAPTER TWO
THE GROWTH OF THE HIGH TECHNOLOGY MANUFACTURING INDUSTRY

Introduction

The high technology product manufacturing industry is one of the most dynamic industries in the United States and the world. This industry has grown to be a major contributor to the American economic engine (Mandel, 1997) and it is still growing at a rapid pace. For the purposes of this study, the term "high technology manufacturing" encompasses the production of computers, computer components, and computer peripherals manufactured within the United States. Computers are defined as any electronic machinery or equipment which incorporates a central processing unit (CPU) for the purpose of performing functions such as measuring, displaying and calculating. The term "computers" includes devices known as supercomputers, mainframe devices, minicomputers, microcomputers (or personal computers known as PC's), workstations and laptop computers. Computer peripheral equipment includes miscellaneous computer accessories which
support the activities of the computer's CPU including, but
not limited to, printers, optical scanners, graphic
displays known as monitors, and input devices such as
keyboards, mice, joysticks, and virtual headsets (Heil and

History and Overview

In order to gain an appreciation of the scope of the
economic impact that the U.S. high technology manufacturing
industry has had both nationally and internationally, a
brief history and overview is in order.

While mechanical calculating devices were first
developed in Europe during the seventeenth century, the
first real progress in development came in the nineteenth
century when Charles Babbage designed the Analytical
Engine, which was the first digital computer (Heil and
Peck, 1998). Though never actually built, the design served
as a template for future research and development.
Relatively little progress occurred until the 1940's when a
few computers were built. These machines could produce
tables of complex mathematical functions. The first general
purpose electronic computer, however, was developed in
1946, and termed the ENIAC, or electronic numerical
integrator and calculator. By the early 1950's more powerful and flexible electronic computers such as the UNIVAC system was developed for the U.S. Bureau of Census. During the 1960's "timesharing" systems were developed, allowing public and private entities access to large, complex mainframe computers. In 1965, the first minicomputer was built, and in 1971 the microprocessor was developed, which allowed the entire central processor of a computer to be placed on a silicon chip. This development, 200 years in the making, led to the transformation of the computer manufacturing industry.

By the early 1980s, over 500,000 general purpose personal computers were in use in North America, and the computer market was growing at a rate of 20% per year. Technological innovations in the mid 1980s allowed for the eventual widespread usage of personal computers and workstations. In the 1980s, the number of computers in use was 500,000. This number climbed to over seven million in 1984 and to 10 million by 1989 (Heil and Peck, 1998). The "cyber revolution" had arrived into the offices and homes of America.
High Technology Industry Growth

As seen by the growth profile provided in Table 1, the high technology industry showed almost continuous growth from the late 1980's through the 1990's.

Table 1. United States Census Bureau - Manufacturing Profile of Electronic Computer Shipments 1987-1998 (Dollar Figures in Billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Computers</th>
<th>Peripherals</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>23,212.6</td>
<td>7,695.7</td>
<td>30,908.3</td>
</tr>
<tr>
<td>1988</td>
<td>23,787.4</td>
<td>7,385.0</td>
<td>31,172.4</td>
</tr>
<tr>
<td>1989</td>
<td>25,076.9</td>
<td>8,271.1</td>
<td>33,348.0</td>
</tr>
<tr>
<td>1990</td>
<td>25,630.1</td>
<td>7,696.6</td>
<td>33,326.7</td>
</tr>
<tr>
<td>1991</td>
<td>26,274.1</td>
<td>7,763.6</td>
<td>34,037.7</td>
</tr>
<tr>
<td>1992</td>
<td>28,571.2</td>
<td>8,505.6</td>
<td>37,076.8</td>
</tr>
<tr>
<td>1993</td>
<td>29,659.1</td>
<td>9,810.2</td>
<td>39,469.3</td>
</tr>
<tr>
<td>1994</td>
<td>38,132.2</td>
<td>10,412.2</td>
<td>48,544.4</td>
</tr>
<tr>
<td>1995</td>
<td>49,038.1</td>
<td>12,331.0</td>
<td>61,369.1</td>
</tr>
<tr>
<td>1996</td>
<td>50,681.5</td>
<td>11,462.8</td>
<td>62,144.3</td>
</tr>
<tr>
<td>1997</td>
<td>50,249.9</td>
<td>13,555.2</td>
<td>63,805.1</td>
</tr>
<tr>
<td>1998</td>
<td>57,347.2</td>
<td>11,449.7</td>
<td>68,796.9</td>
</tr>
</tbody>
</table>

Examination of the above table shows that between the period of 1987 through 1998, the manufacturing of high
technology products more than doubled, from $30,908.3 billion in 1987 to $68,796.9 billion in 1998. Moreover, a constant rise was demonstrated yearly, with the exception of the year 1990, during which production dropped very slightly (U.S. Census Bureau, 2000). Figure 3 graphically demonstrates this growth curve via a bar graph.

These figures take on even greater importance considering that by 1999 the U.S. high technology manufacturing industry controlled 76% of the world market for
supercomputers, 60% for mainframe computers, 61% for mid-range computers and 67% for desktop computers. The U.S. also dominated the global computer peripheral market, holding a 60% share. In hard disk drives alone, six U.S. suppliers held an 87% share (Barry, 1998).

High Technology Industry
Future Growth Projections

While high technology, like any other industry, is subject to change in market conditions and the effects of national and international recessionary economic conditions, the U.S. high technology industry is nevertheless expected to continue on a growth pattern well into the 21st century. Barry (1998), speculates that by the end of 2002, product shipments from the U.S. based computer equipment industry will increase to reach $170 billion, with exports alone totaling $79 billion. According to Heil and Peck (1998) several contributing factors are involved in the continued growth of this industry. They include:

1) Sales will be fueled by lower costs in the manufacturing of computer components and the resulting lower costs for end products. Consumers and businesses do not hesitate to replace only
slightly outdated computers and peripherals with new state-of-the-art models.

2) Technological advances will continue, such as "multimedia technology," or the incorporation of detailed graphics, sound, animation, and video into a computer program. In order to fully support such complex software, faster and more powerful computers will be needed by owners who want to upgrade their systems.

3) The global business and government market is expected to provide for more sales opportunities as emerging economies demand more high technology equipment. At the same time, tariffs on the imports of computers are expected to be reduced. As economies mature, industrial and government infrastructures will need to be modernized.

4) As emerging economies mature, the foreign home computer market will grow substantially. Markets of Internet-hungry consumers in Eastern Europe, Central and South America, Asia, and the Pacific rim have not yet been tapped. Rising living conditions in these markets are expected to fuel sales for years to come.
5) Nationally, the growth of the Internet continues to promote growth in the high technology manufacturing industry. In 1996 10 million U.S. homes and 44,000 U.S. businesses were connected to the Internet. By the end of 2000, 33 million homes of the estimated 100 million homes in America, and 363,000 businesses were expected to be connected to the Internet (Barry, 1998).

Lastly, examination of the above cited data and information gives all indications that the worldwide "cyber revolution" is not likely to go the way of the "hula-hoop." High technology products seem destined to influence not only how we learn, but also what we learn and what we do with our knowledge. The influence of high technology will be felt in what we buy, wear, eat and even think. The United States is now at the forefront in the development and the manufacturing of high technology products. However, a serious menace to this industry exists in the form of organized groups of large scale high technology product thieves. The following section of this study examines law enforcement and legislative efforts that have been made thus far to combat this multibillion dollar criminal menace.
CHAPTER THREE
THE RISE IN CARGO THEFT AND
LAW ENFORCEMENT RESPONSE

Introduction

As previously noted, the early 1990s witnessed an upsurge in cargo theft came about in several major metropolitan areas across the United States. Ferguson (2001) states that this upsurge was due in large part to the nationwide introduction of large volume shipments of high technology products not on the market in the 1980s. Then shipments became attractive and profitable targets for cargo thieves. In response to this alarming trend, law enforcement teams with small staffs, specializing in cargo theft investigation began to be formed at various locations across the country, some of them multi-jurisdictional in nature. Unfortunately, to date there is no source of systematic data collection in the area of cargo theft that summarizes losses across jurisdictions.

Several of these units provided data on cargo theft losses. While this data is by no means complete, it is the best available information assembled on the subject and performs the function of supporting the assertion that
cargo theft in general across the U.S. has risen to alarming levels, and it supports the position that high technology product cargo theft accounts for a major portion of the dollar value related to reported cargo theft.

This study relies on data from cargo thefts reported to several cargo theft-specific law enforcement teams, including the Los Angeles County Sheriff's Cargo Criminal Apprehension Team (Cargo CATs), the New Jersey State Police Cargo Theft and Robbery Unit, the San Francisco/San Mateo Cargo Task Force, the South Florida Tactical Operations Multi-Agency Cargo Anti-Theft Squad (TOMCATS), the California Highway Patrol Northern Division Cargo Theft Interdiction Program (C-TIPS), and the Federal Bureau of Investigation Interstate/Cargo Theft Squad (Long Beach, CA. Resident Agency).

While data from several law enforcement agencies are cited in this study, no law enforcement agency or private sector organization other than the Los Angeles County Sheriff's Cargo CATs Team was able to supply historic data specific to high technology cargo theft. The Los Angeles County Sheriff's Cargo CATs Team has archival data going back as far as 1991. While much of the data supplied for this study by the Los Angeles County Sheriff's Cargo CATs
Unit (LeBlanc, 2000) were existing data, additional data on high technology theft were compiled on request specifically for this study.

The Cargo CATs Unit, founded in 1990, is the oldest cargo offense specific law enforcement team existing in the U.S. Data from the second oldest cargo offense specific team, the New Jersey State Police Cargo Theft and Robbery Unit, are also included in the study. Unfortunately, New Jersey State Police Cargo Theft and Robbery Unit data does not isolate high technology theft from the theft of other products. Therefore, for the purposes of this study, losses reported to the Cargo CATs Team are thought to be representative of most major metropolitan areas of the U.S. in terms of the reported occurrence of high technology cargo theft. The data that they have supplied the most extensive and reliable data on cargo theft available at this time. Additional cargo theft related data cited in this study has also been garnered via utilization of interviews and word of mouth technique.

The Extent of Reported Cargo Theft

The Los Angeles County Sheriff's Cargo CATs team is a multi-jurisdictional unit consisting of personnel from the
Los Angeles County Sheriff's Department, the California Highway Patrol, Los Angeles Port Police, Vernon Police Department, Ontario Police Department, and has also had members from the Irvine Police Department as well as the F.B.I. attached to the team at various points during it's eleven year history. Table 2 provides a summary of the growth of cargo theft as reported to the Los Angeles County Sheriff's Cargo CATs team during the period of 1992 to 2000.

Table 2. Los Angeles County Sheriff's Cargo Criminal Apprehension Team Reported Cargo Thefts (Losses Reported in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Losses</th>
<th>Incidents</th>
<th>High Tech Loss/% of all Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>'90</td>
<td>NO RECORD</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>'91</td>
<td>NO RECORD</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>'92</td>
<td>$67,181,239</td>
<td>494</td>
<td>N/A</td>
</tr>
<tr>
<td>'93</td>
<td>$96,895,833</td>
<td>625</td>
<td>N/A</td>
</tr>
<tr>
<td>'94</td>
<td>$67,181,239</td>
<td>486</td>
<td>$15,297,086 22.76%</td>
</tr>
<tr>
<td>'95</td>
<td>$70,373,874</td>
<td>427</td>
<td>$15,886,540 22.57%</td>
</tr>
<tr>
<td>'96</td>
<td>$65,778,154</td>
<td>363</td>
<td>$21,013,214 31.95%</td>
</tr>
<tr>
<td>'97</td>
<td>$68,717,404</td>
<td>453</td>
<td>$14,996,507 21.77%</td>
</tr>
<tr>
<td>'98</td>
<td>$58,109,425</td>
<td>337</td>
<td>$16,051,968 27.62%</td>
</tr>
<tr>
<td>'99</td>
<td>$62,634,134</td>
<td>384</td>
<td>$13,415,225 21.42%</td>
</tr>
<tr>
<td>'00</td>
<td>$56,183,939</td>
<td>436</td>
<td>$17,917,000 31.89%</td>
</tr>
</tbody>
</table>
The Los Angeles County Sheriff's Cargo CATs team data reveals no specific upward dollar figure rise during the 1992 to 2000 period other than a $29 million dollar spike in 1993. It should be noted that computers and other high technology electronics products comprised little or no percentage of reported cargo thefts prior to the electronic "technology revolution" that began in the early 1990s (Ferguson, 2001). It is of note, however, that by 1994 these types of thefts grew to comprise 22.76% of all cargo thefts reported to the Cargo CATs team. The 1994-2000 yearly percentage of high technology and electronics theft remained relatively constant except for 1996 when it rose to 31.95% and 2000 when it accounted for 31.89%. The most interesting statistic to emerge from examination of the data is that in terms of long-term reported high technology losses sustained during the five year period of 1996-2000, high technology thefts translate to an average of $16,678,782 per year, or $45,695.29 per day in the Los Angeles County area. Keeping in mind the seriousness of the problem of gross underreporting and non-reporting of cargo theft losses as previously cited, and the fact that the percentage of high technology cargo theft shows no sign of dipping downward, it may be inferred that the theft of high
technology cargo theft exists on a vast scale in Los Angeles County and in Southern California.

The New Jersey State Police Cargo Theft and Robbery Unit also supplied yearly totals of cargo theft for this study that cover the years of 1991 through 1999 (Lake, 2000). Unfortunately, no breakdown by product type is available, therefore no isolated data on high technology cargo theft can be examined. Table 3 provides an overview of cargo thefts reported to the New Jersey State Police Cargo Theft and Robbery Unit during the 1991-1999 period.

Table 3. New Jersey State Police Reported Cargo Thefts 1991-1999 (Losses Reported in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Reported Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>'91</td>
<td>$ 392,201</td>
</tr>
<tr>
<td>'92</td>
<td>$ 8,243,997</td>
</tr>
<tr>
<td>'93</td>
<td>$10,686,446</td>
</tr>
<tr>
<td>'94</td>
<td>$13,537,548</td>
</tr>
<tr>
<td>'95</td>
<td>$30,878,291</td>
</tr>
<tr>
<td>'96</td>
<td>$29,302,057</td>
</tr>
<tr>
<td>'97</td>
<td>$18,406,798</td>
</tr>
<tr>
<td>'98</td>
<td>$23,700,431</td>
</tr>
<tr>
<td>'99</td>
<td>$11,764,793</td>
</tr>
</tbody>
</table>
not want to show that they have a problem with theft (Salzmann, 2000). For this reason, it is believed that the data provided grossly underestimates cargo theft activity in the State of New Jersey.

The recently formed (1998) San Francisco/San Mateo Cargo Theft Task Force is a multi-jurisdictional unit consisting of the San Francisco Police Department, San Mateo County Sheriff's Department, South San Francisco Police Department, Brisbane Police Department and the F.B.I. This unit operates primarily in the San Francisco International Airport area and focuses primarily on the theft of high technology cargo in transit. Table 4 shows the cargo theft losses reported to the unit during 1998 and 1999.

Table 4. San Francisco/San Mateo Cargo Theft Task Force Cargo Theft Losses (Reported in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Reported Losses</th>
<th>Incidents</th>
<th>Recoveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$ 9,722,039</td>
<td>71</td>
<td>$ 4,377,195</td>
</tr>
<tr>
<td>1999</td>
<td>$ 5,309,416</td>
<td>92</td>
<td>$ 2,590,382</td>
</tr>
</tbody>
</table>

An examination of the data supplied by the San Francisco/San Mateo Cargo Theft Task Force reveals that in 1998 the task force encountered reported losses of
$9,782,039 and recovered $4,377,195 worth of stolen product for a recovery rate of 44.75%, while in 1995 they cite reported losses as totaling $5,309,416 and recovered $2,590,382 worth of stolen product for a recovery rate of 48.79%. This is an extremely high rate of recovery for high technology products.

The South Florida TOMCATS (Tactical Operation Multi-Agency Cargo Anti-Theft Squad) was founded in 1996 and consists of personnel for the Metro-Dade Police Department, the F.B.I., Broward County Sheriff's Office, U.S. Customs, Florida Highway Patrol, and the U.S. Department of Transportation. Table 5 provides a summary of cargo theft losses reported to the TOMCATS team during the 1996-2000 period.

Table 5. South Florida Tactical Agency Cargo Anti-Theft Squad Reported Cargo Theft Losses (Reported in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported Losses (Metro-Dade Area Only)</th>
<th>Incidents</th>
<th>Stolen Cargo Recoveries (in Southeastern U.S.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'96</td>
<td>$9,200,000</td>
<td>41</td>
<td>$9,975,643</td>
</tr>
<tr>
<td>'97</td>
<td>$8,100,000</td>
<td>32</td>
<td>$16,869,332</td>
</tr>
<tr>
<td>'98</td>
<td>$7,200,000</td>
<td>39</td>
<td>$19,612,940</td>
</tr>
<tr>
<td>'99</td>
<td>$3,700,000</td>
<td>9</td>
<td>$24,149,474</td>
</tr>
<tr>
<td>'00</td>
<td>$1,600,000(January-October, 2000)</td>
<td>32</td>
<td>$19,539,143</td>
</tr>
</tbody>
</table>
Examination of data indicates that reported cargo thefts have steadily decreased in the Metro-Dade area since 1996. The data do not indicate that the individuals who engage in cargo theft in South Florida have ceased activity. It is believed that as TOMCAT "sting" operations increased, the organized groups of criminals involved in cargo theft in that area, generally Cuban immigrant "crews," have simply expanded their operations outside of the Metro-Dade area to from a theft network that extends as far West as San Antonio, Texas, and as far Northeast as North Carolina and Virginia, where several high technology manufacturing facilities and warehouses are located (Keller, 2001).

Morton (2001), reports that Cuban crews have recently moved cargo theft operations into areas around Knoxville, Memphis, and Nashville, Tennessee as well as in the Charlotte, North Carolina area. These crews have modified their strategy in the transportation of stolen high technology cargo. Previously, they would take their stolen goods to the Port of Miami for export to foreign ports. Rather than transport stolen cargo across state lines into Florida in stolen vehicles, they have developed two new methods of transporting stolen cargo. First, the crew rents
a warehouse for the offloading and storage of stolen shipments and then rents an empty trailer/container from a legitimate transport business to be dropped at a nearby lot or building. They then bring the trailer/container to the rented warehouse and load it with stolen cargo and take it back to the lot or building. The crew manufactures false paperwork such as a bill of lading and purchase order using the names of "dummy" companies as the shipper and consignee. The crew then contacts the legitimate trailer/container rental company and arranges for the transport of the stolen load to a rail yard to be shipped via rail to Florida, or sometimes Georgia, to subsequently be exported outside of the U.S.

The second option of transport also involves the crew maintaining a warehouse operation for stolen shipments of cargo to be offloaded and stored. After offloading the stolen load and disposing of the stolen vehicle that contained the load, the crew contacts a legitimate trucking company to pick up the stolen load for transport to Florida or Georgia. Once again, dummy companies and falsified paperwork are utilized. The crew pays the legitimate carrier to truck the stolen product to designated locations in Florida or Georgia for export (Morton, 2001).
In both of the above scenarios, while the crew covers the cost of legitimate trailer/container rental and transport, the chances of being caught violating federal laws involving the interstate transport of stolen goods lessen greatly. Consequently, Florida, and particularly the Miami Metro-Dade area, has become an epicenter for the international movement of stolen cargo out of the U.S. (Morales, 2000). At the same time, in the Northeast area of the U.S., Sheets (1996), states that Ecuadorian crews are conducting their theft activities along a corridor stretching from Vermont to Kentucky. Heil (2001) reports increased theft activity from Peruvian crews based in New York, who too, have extended their area of operations down the eastern seaboard as far south as Virginia. The Peruvian crews, like the Cubans, observe high technology manufacturing sites, follow truck drivers to truck stops after loads of high technology product have been picked up, and then steal the loads from truck stop parking lots while the drivers eat, use the telephone, shower, etc. The loads of high technology products that are stolen in these areas by Peruvians are many times transported to South Florida to be shipped out of the Port of Miami to foreign destinations (Emmes, 2001).
This is reflected in the fact that while TOMCATS reported thefts have steadily declined, their recovery rates of stolen cargo have escalated. Since 1996, the TOMCATS have recovered up to eight or nine times the amount of cargo that has been reported stolen in the Metro-Dade area.

The California Highway Patrol Northern Division C-TIPS (Cargo Theft Interdiction Program) unit supplied the data contained in Table 6 (Leonard, 2000).

Table 6. California Highway Patrol Cargo Theft Interdiction Program Reported Cargo Thefts (Dollar Figures in Millions)

<table>
<thead>
<tr>
<th></th>
<th>Losses</th>
<th>Computer Losses</th>
<th>% Other High Tech</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>'98</td>
<td>$40,418,169</td>
<td>$12,111,118</td>
<td>16.87%</td>
<td>8.28%</td>
</tr>
<tr>
<td>'99</td>
<td>$8,647,961</td>
<td>$2,676,749</td>
<td>47.62%</td>
<td>6.67%</td>
</tr>
</tbody>
</table>

The data supplied by the CHP C-TIPS Northern California Division indicate a wide variance in the reporting of cargo theft between 1998 and 1999. In 1998, the reported cargo theft dollar figure total is $40,418,169.05 with high technology thefts (computers and other high tech electronics products) accounting for $23,121,713.96 or 25.15% of all reported thefts. In 1999, the total reported cargo thefts dropped to $8,647,961 with
high technology component theft reported at $3,058,092.18, or 54.29% of all reported thefts. The CHP admits that the drop in cargo crime between 1998 and 1999 is solely on paper and does not reflect the reality of the cargo theft situation, only a glaring problem with both theft reporting and recording procedures (Leonard, 2000).

The FBI Cargo Theft task force was organized in 1996 and was formed in response to the FBI's awareness of increased cargo theft problems in the U.S. and was specifically designed to address the dilemma of high technology product theft via the FBI Cargo/High Technology Initiative (FBI, 2000). This initiative sought to expand the FBI role and leadership in attacking the cargo theft problem. While the FBI Cargo Theft Task Force was formed in 1996, the only statistical data available on cargo theft losses covers the 1999 and 2000 (January 1 - September 5) period in the San Francisco Bay area and in Southern California. These data are presented in Table 7.
Table 7. Federal Bureau of Investigation Cargo Theft Task Force Reported Losses (Losses Reported in Millions)

<table>
<thead>
<tr>
<th></th>
<th>San Francisco Area Total Losses</th>
<th>High Tech Losses</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>'99</td>
<td>$4,611,199</td>
<td>$3,880,199</td>
<td>84.0%</td>
</tr>
<tr>
<td>2000*</td>
<td>$519,812</td>
<td>$169,812</td>
<td>32.7%</td>
</tr>
</tbody>
</table>

Southern California Area

<table>
<thead>
<tr>
<th></th>
<th>$41,565,000</th>
<th>$11,995,000</th>
<th>28.86%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000*</td>
<td>$16,250,000</td>
<td>$3,000,000</td>
<td>18.46%</td>
</tr>
</tbody>
</table>

*January 1 through September 5, 2000

Examination of the data above once again reveals a wide variance between 1999 and 2000 reported thefts both in the San Francisco Bay area and in Southern California. Table 7 shows that during 1999 the San Francisco Bay area had $4,611,199 in reported losses with $3,880,199 (84%) of the losses being high technology. In the first eight months of 2000, reported losses dropped to only $519,812, with $169,812 (32.7%) being attributed to high technology. Examination of Southern California reported cargo theft losses in 1999 show that $41,565,000 in total losses were reported, of which $11,995,000 (28.86%) involved high technology product theft. The Southern California reported cargo theft total for January 1 – September 5, 2000,
dropped to $16,250,000 of which $3,000,000 (18.46%) was related to high technology product theft. These theft totals belie what the true cargo theft figures are believed to be, as the FBI has publicly stated that they estimate the total yearly cargo theft losses in Southern California alone to currently total $360 million per year, much of which is attributed to high technology theft (Millar, 2000).

Why the Numbers Lie - What the Numbers Hide

Examination of the above data supports the contention that there exists a wide variance between reported cargo thefts and the true amount of theft, which knowledgeable law enforcement and private industry sources contend is occurring (McLaughlin, 2001). While the ubiquitous problem of under reporting and non-reporting can be cited as a major contributing factor to the currently available unreliable data, an additional factor is that no one reliable state-wide, let alone national data base on cargo theft exists, and there are only a few statutes in existence that specifically address cargo theft reporting. Most law enforcement agencies do not code crimes according to whether cargo theft may have been involved, therefore
crimes involving the theft of cargo may be reported/recorded as vehicle thefts (in the case of stolen trailer loads of high technology product) or simply as grand theft burglary from motor vehicles, without ever being recorded as "cargo thefts." Pate (1996) reports that an anonymous FBI source has pointed out that at least 18 Uniform crime Report categories could involve cargo theft, ranging from homicide, kidnapping to grand theft, yet no specific data recording cargo theft exists. This current situation virtually insures that a chasm will remain between the number of "reported" cargo theft losses, and the actual losses and circumstances under which they occur. Thus, the lack of any reliable reporting system and database allow a multibillion dollar criminal enterprise to flourish nationally.

Legislative Efforts

Currently, only two states have any official cargo theft-specific legislation in effect. These are the States of New Jersey (APPENDIX A- STATE OF NEW JERSEY, MEMORANDUM, JANUARY 5, 1998- DIRECTIVE CONCERNING MANDATORY CARGO THEFT AND HIJACKING REPORTING) and Massachusetts (APPENDIX B- M.G.L. CHAPTER 266, SECTION 20B, GENERAL LAWS OF
MASSACHUSETTS & APPENDIX C- M.G.L. CHAPTER 255, SECTION 20A, GENERAL LAWS OF MASSACHUSETTS). In 1993, the State of New Jersey instituted a voluntary cargo theft reporting program in which all municipal, county and state law enforcement agencies were requested to report cargo thefts occurring within their jurisdictions to the New Jersey State Police Cargo Theft and Robbery Unit in order to significantly improve statewide law enforcement intelligence on cargo theft activity (Attorney General, State of New Jersey, 1998). Unfortunately, by 1998 it was recognized that participation in this voluntary program was not anywhere near uniform across the state. Therefore, the Attorney General of the State of New Jersey issued a directive on January 5, 1998, instructing all municipal, county and state law enforcement agencies to comply with mandatory reporting guidelines on reporting cargo thefts within 24 hours of the initiation of investigatory activity. While this effort was quite laudable, the New Jersey State Police Cargo Theft and Robbery Unit presently estimates that less than 10% of all law enforcement agencies in that state are in compliance with the directive (Salzmann, 2000).
Moreover, it is reported that due to understaffing and the lack of a full-time analyst and a suitable computer system, that the accuracy of cargo theft data is questionable due to it's being heavily understated. This situation is compounded by the fact that first time offenders in cargo theft cases are rarely sentenced to prison (Salzmann, 2000), thus the lack of any effective punishment for the crime in question encourages cargo theft activity.

The State of Massachusetts has enacted two laws specific to cargo theft. Massachusetts State Law Chapter 266, Section 20A (APPENDIX B) provides for a penalty of imprisonment for not more than ten years or a fine of not more than $500 and imprisonment of not more than two years for breaking and entering a truck with the intent to commit a felony. Massachusetts State Law Chapter 255 Section 20B (APPENDIX C) provides for punishment of imprisonment for not more than five years or a fine of not more than $500 and imprisonment of not more than two years for the theft of a truck, tractor/trailer unit, semi-trailer or freight container.

In terms of federal legislation, the FBI states that there are nine federal statutes that can be applied to the
prosecution of cargo theft/high technology product theft (Millar, 2000). These statutes (APPENDIX D—FEDERAL STATUTES UTILIZED IN PROSECUTION OF CARGO/HIGH TECHNOLOGY PRODUCT THEFT) cover a wide range of issues such as interstate transportation of stolen goods, wire fraud, conspiracy, money laundering, interstate transportation in aid of racketeering, and the RICO Act. Realistically, however, in obtaining federal prosecution for cargo theft-related crimes, certain monetary "thresholds" many times must be met before the FBI or the Department of Justice will intervene (Millar, 2000). In geographic areas of high incidences of cargo theft, such as Southern California, these "thresholds" as they are known, may approach one million dollars in any given case and normally involve large organized conspiracies. Obviously, this pares down the number of cases that federal authorities will become involved in, leaving investigatory activity and prosecution to local law enforcement and the courts.

Federal Versus Local Law Enforcement Tactics

Another nuance of federal versus local investigation and prosecution of cargo theft cases and cited by Pate (1996) involves tactical and investigative methodology
differences. Pate quotes an unpublished FBI report which states:

The traditional approach has been a reactive one, i.e., FBI agents conduct an investigation after a crime has occurred. More recently, the FBI has taken a proactive approach to the cargo theft problem. In this method of investigation, a program is designed to analyze a particular criminal activity to find ways of controlling it and reducing or eliminating it. One technique is the undercover operation (UCO)... A UCO involves the penetration and investigation of groups involved in the theft of stolen property. This is accomplished by having undercover Agents (UCAs) pose as fences or as other individuals associated with the organized handling and disposal of stolen property. The UCAs conduct transactions with the thieves and fences in order to conduct their investigations, with the goal of obtaining prosecutable evidence against the targeted subjects (p.11).
Pate contends that such undercover operations or "stings" have been successful but controversial, citing complaints by local law enforcement regarding such drawbacks as: 1) they leave perpetrators on the streets for lengthy periods of time before a final series of multiple arrests can be made, allowing additional crimes to be committed; 2) they lead to delayed arrests which mean delayed credit for making the arrests, the criteria by which detectives are evaluated; 3) they sometimes result in the FBI taking credit for investigatory activity that was actually also performed by several local agencies; 4) they require large sums of "buy money" which many local law enforcement agencies do not have at their disposal; 5) they may actually cause additional crimes to be committed; and 6) they many times require that stolen property be impounded, evoking the ire of the victims.

In addition to the drawbacks pointed out by Pate, it should also be noted, particularly in the case of the Ecuadorian crews that it is virtually impossible to get an undercover operative or undercover agent into their group. As has been cited previously, many of their members have military or police experience and apply the acumen that they have developed by stringently checking the backgrounds
of all whom they come in contact with during the process of performing their criminal activities.

The Multi-Jurisdictional Nature of Cargo Theft

Yet another obstacle for law enforcement to overcome in the successful investigation and prosecution of cargo theft cases is that the crimes many times occur across city, county, state and even international (in many cases of high technology theft) boundaries (Pate, 1996). Per Kozak (1995), by its very nature cargo is susceptible to theft from its origin to its destination. Cross-country cargo flows through a network of truck terminals and large regional consolidation centers being unloaded, sorted, and reloaded several times along the way. Theft of part of the shipment may occur at any point during transportation and may not be discovered until the cargo reaches its final destination. Therefore, even the seemingly simple act of filing a theft report can be made difficult, if not at times impossible. For example, if a shipment of laptop computers originates in Japan, arrives in the U.S. at the Port of Los Angeles, is transported by one truck to Denver, another to Chicago, and then is transported by yet another truck to Florida, where half of the shipment is found to be
missing at destination, pinpointing where the theft actually occurred may prove impossible. Law enforcement is many times reluctant at best to take a theft report on an incident of theft that cannot be proven to have taken place within their own particular jurisdiction. Hence, investigation and prosecution are thwarted.
CHAPTER FOUR
FINDINGS, RECOMMENDATIONS AND
POLICY IMPLICATIONS

Introduction

The preceding sections of this study have shown that cargo theft, particularly high technology product cargo theft, is occurring nationwide on a vast scale and that law enforcement faces multiple problems in combating this activity, including formidable opponents in the organized groups of cargo thieves, as well as serious challenges in terms of a lack of funding, understaffing, a dearth of data on which to build strategy, and a lack of specialized legislation regarding the problem. Based on the information available, the following findings and corresponding recommendations have been developed in the interest of establishing a viable matrix of resources to utilize in combating this form of crime.

The first finding is that law enforcement to date has not been adequately prepared to combat cargo theft. Law enforcement nationwide has been slow in recognizing that cargo theft, particularly the theft of high technology products, is an enormous criminal problem, with not only
national but also international implications. While in the last few years some positive developments have occurred, specifically in the form of the development of multi-agency task forces, these task forces are far too few, and for the most part are understaffed and lacking sufficient funding to be as effective as they potentially can and should be. This situation places law enforcement in the position of being an underdog in battling well organized international criminal organizations. These organizations know how to manipulate our laws and the legal processes of our democratic system of government in order to further their criminal activities. They also know law enforcement strategies and limitations, and frequently are able to commit thefts with a low probability of discovery or capture.

In order to better address the growing problem of cargo theft, it is recommended that existing multi-agency forces be strengthened and that other multi-agency forces be created to address this problem. To date, the only successfully proven method of combating the high technology and other forms of cargo theft has been via multi-agency forces. These task forces need to be adequately funded, utilizing specialized federal funding where necessary, in
order that realistic staffing levels can be achieved. State-of-the-art equipment is also needed. Many computer systems utilized by these units are antiquated. Investigators have been known to have to purchase their own personal cellular phones for use in the field.

In addition to the above fiscally related problems, one of the major impediments has been a lack of communication and cooperation between agencies, particularly between municipal/county agencies and federal law enforcement agencies. It is therefore recommended that federal personnel, at least one FBI agent, be made available by the FBI to be assigned to all municipal/county/state sponsored anti-cargo theft teams. The existing chasm of communication and cooperation (and sometimes out-and-out rivalry) has only allowed criminal enterprises to capitalize on the situation and to flourish.

The second finding of this study is that cargo theft has proved to be a complex form of crime to investigate. This finding is due to several factors including:

1) The multi-jurisdictional nature of the theft itself and of how, in particular, high technology stolen cargo products are distributed nationally and internationally.
2) Many law enforcement investigators, outside of those specially trained in cargo theft, aside from not understanding the organized nature and vast scope of the crime, sometimes do not even recognize what the technological product being stolen is, what function it performs, or what it's value is. An investigator not conversant with high technology products could look at a box full of stolen microchips with a value of one-half million dollars and not even know what he/she was looking at.

3) Under reporting and non-reporting by private industry of high technology losses impedes law enforcement response to combating this form of crime.

4) The existing communication gap on losses between law enforcement and private industry manufacturers and cargo carriers hides the scope and nature of the crime, therefore law enforcement cannot possibly address the problem adequately.

It is therefore recommended that the multi-jurisdictional nature of cargo theft mandates an increased role be played by the federal government. The role that the federal government needs to undertake involves both
investigatory functions and the enactment of cargo-theft specific legislation (see third recommendation). Thus far, for the most part, the FBI has conducted investigations that were independent of state and local law enforcement cargo theft units. These parallel, but not intersecting investigatory efforts need to be combined with the intelligence gathering and investigatory efforts of local law enforcement so that all law enforcement agencies are working in tandem on the problem at hand.

Law enforcement investigators, both local and federal, need expertise and training in the nature of high technology cargo theft, and in basic matters such as the ability to identify high technology components. It should be remembered that much about high technology products is new, and that electronic high technology is evolving at a rapid pace. Law enforcement needs the opportunity to keep pace with industry developments. Private industry can and should aid law enforcement by offering training/seminars to investigators of high technology theft on an ongoing, regular basis. This would not only keep investigators abreast of new developments, but also keep them in contact with the other law enforcement personnel with whom they could network and share information. It would also allow
investigators to have access to industry professionals who could serve as resource persons during investigations. This would form a valuable informal information conduit.

Legislated mandatory reporting of all cargo thefts needs to be enacted, much like the reporting of the thefts of firearms or prescription narcotics. Private industry needs to step forward and close the "communication gap" that currently exists between themselves and law enforcement. The private industry sponsored establishment of regional organizations, such as the Western States Cargo Theft Association in Southern California, which brings law enforcement personnel and private industry professionals together for the goal of information exchange and mutual assistance in fighting cargo theft, is essential. Also, private industry manufacturing entities need to demonstrate a willingness to assist law enforcement in their efforts by providing information requested by law enforcement in a prompt manner. Currently, it is not unheard of for law enforcement requests for the serial numbers of stolen high technology products to go unanswered or take low priority in providing assistance. The attitude that once something is stolen it becomes solely the problem of law enforcement is deadly, and only leads to increased future thefts.
Private industry sharing of information with law enforcement is imperative in building a bond between the two entities. Without such cooperation no successful war on high technology cargo theft can be waged. Special interests and outright apathy must give way to the solution of the larger problem at hand and the dismantling of the multibillion dollar criminal industry which has evolved around the growth of the high technology industry.

The third finding of this study is that a lack of effective punishment for cargo theft-related crimes exists. A lack of effective punishment for those convicted of cargo theft is a contributing factor to the current high levels theft taking place today nationally. The low risk of swift prosecution and the light sentences meted out provide little disincentive to would-be thieves. Because of this, many groups of foreign nationals have come to see high technology cargo theft as a highly rewarding enterprise with low risk and little down side.

It is recommended that punishment for cargo thieves must be re-visited. Federal and state laws specific to cargo theft need to be enacted and the energetic prosecution of those involved in cargo theft must be initiated. While in 1996, former U.S. Attorney General
Janet Reno pledged to reverse federal law enforcement inattention to the nationwide problem of cargo theft by stating her "commitment to increase federal enforcement efforts to combat cargo theft" (Pate, 1996, p.3), no dramatic positive effect has been evidenced to date in terms of either legislation, or an increase in arrests and decrease in thefts occurring, as evidenced by data cited in this study.

The most recent attempt to introduce national cargo-theft specific legislation came in 1998 when Senator Frank Lautenberg of New Jersey proposed Senate Bill 1512, which provided for national legislation that would increase punishment for cargo thieves. At a National Cargo Security Conference meeting held in April of that year, Senator Lautenberg stated:

The laws of interstate cargo theft have changed little since they were written in 1913—the year Henry Ford opened his first Model T plant, and when goods were mainly being moved by horse and wagon. This is why I have introduced legislation that would bring the laws up to date and make jail terms more likely for the thieves (NCSC Cargo Security Report, Summer 1998, p.2).
The Bill could not gain support and was not passed. The existing disparity in light sentencing for cargo theft crimes as opposed to bank robbery or drug trafficking should be ended. Private industry high technology manufacturers and cargo carriers should fund political action committees to vigorously lobby those in Washington D.C., who are in a position to change the existing status quo in regard to law on cargo theft.

The fourth finding of this study is that U.S. immigration policies must be reexamined. A mass influx of immigration has occurred throughout the United States within the last decade. Literally millions of people have entered this country legally and illegally from South and Central America, Eastern Europe, and Asia, among other geographic regions, since the late 1980's. Some of these people have entered this country for the sole purpose of engaging in organized, professional cargo theft. The nature of the international ties that some immigrants have to criminal organizations in their homelands have transformed high technology cargo theft from a largely regional criminal enterprise in the late 1980's into what is now a global criminal network. It is known to law enforcement that large quantities of stolen high technology product
have even been transported to adversarial nations such as Libya, Iran and Iraq (Millar, 2000). The foreign nationals who engage in cargo theft in the United States, upon being arrested, either receive light sentences, or no sentences at all, and are simply deported, only to return the United States and immediately resume engaging in the same criminal activity.

Law enforcement has reported to this researcher during the course of conducting interviews for this study that many of these criminals show outright contempt for the laws of the United States and have laughed about the lack of severity of punishment. As one Asian cargo thief in custody told a detective, nothing that a court in the United States could do to him would be anything nearly as bad as the conditions he had already endured in his native country, and what would happen to him in his native country if he were caught stealing. He stated "I like jail better than I like Vietnam" (Hogan, 1999). The sentiment of showing little fear of law enforcement or the legal system in the United States is not uncommon in immigrant cargo thieves.

In response to the above finding it is recommended that the integrity of the borders of the United States needs to be restored. While our Statue of Liberty bears at
it's base a plaque that reads "give me your tired, your poor, your huddled masses, yearning to breath free" (Lazarus, The New Colossus, 1903), no where on the plaque does it state that the United States is under obligation to accept and harbor professional criminals. With this in mind, in addition to the enactment of cargo theft-specific laws providing for the realistic punishment of those convicted of cargo theft, it needs to be insured that once convicted, criminals serve their full sentences before they are deported to their native countries. Organized foreign criminal organizations are causing significant harm to the American economic engine via multibillion dollar high technology cargo theft. Secondly, anyone with any suspected criminal background or ties to a criminal organization should be refused entry into the United States. This policy should not be directed toward any one ethnic group or nationality, but rather applied equally to all who seek entry into the United States. Admittedly, the problems associated with this recommendation are far beyond the scope of this study. Suffice it to state that current immigration policies and procedures have only enhanced the formation of organized criminal groups engaging in cargo theft in the United States.
Lastly, and arguably most importantly, the fifth and final finding of this study is that a national repository for cargo theft data needs to be established. As this study has pointed out, not since 1980 has the federal government attempted to gauge the true cost of the nationwide criminal enterprise of cargo theft. Since that time, a multibillion dollar organized form of theft has come into existence and is currently flourishing in the form of high technology product cargo theft. As Ohlhausen (1997) points out, if high technology theft continues to flourish, the criminal organizations involved will only grow larger, stronger and richer. They will increase their already formidable ability to develop resources which facilitate more crime, such as additional weaponry, improved communications and transport logistics systems for stolen cargo, increase bail funds, establish more "safe houses" and build funding to support the families of their fellow organization members who are in jail. In brief, these organizations will continue to strengthen themselves and make law enforcement efforts to dismantle these organizations even more difficult than it is at the present time.
It is therefore recommended that for the above cited reasons, it is imperative that a national law enforcement operated data base on cargo theft be established. While private industry and professional organizations such as the National Cargo Theft Security Council and the American Trucking Association have made some useful initial efforts to gather information in the form of conferences and seminars for the purpose of ascertaining how much theft is occurring, any accurate national cargo theft data base would be most appropriately managed and operated by federal law enforcement for three reasons: Firstly, the validity of any information entered into the system is better insured by law enforcement than by private industry. Secondly, the competitive nature of private enterprise companies dictates that law enforcement become the impartial guardian of what will surely contain proprietary information belonging to individual companies. Thirdly, and perhaps of premier importance, a federally maintained data base on cargo theft activity would contain the most inclusive compilation of data, as all state and local law enforcement agencies nationwide could be mandated to report cargo theft data to this proposed data base.
To insure reporting compliance, federal funding of state and law local enforcement local projects could be made contingent upon satisfactory compliance with this program. Of the utmost importance in the establishment of such a data base would be the feature that all law enforcement agencies would then have the ability to "tap into" and share information from one centralized national clearinghouse for cargo theft activity information. Due to the sophistication of the organized groups engaging in cargo theft and the fact that any given cargo theft may extend itself through a network spanning several different jurisdictions, a centralized information repository is essential. It is impossible for any single law enforcement agency to track enough cargo theft data to permanently put a stop to the criminal activities of any of the major organized groups engaged in this activity nationally and internationally. The establishment of a national data base would undoubtedly facilitate inter-agency coordination and intelligence sharing. Data analysis performed would allow law enforcement to be able to recognize patterns and trends, as well as identify particular characteristics of the different organized groups in operation, thereby enabling law enforcement to develop strategies to act in
much more proactive, rather than reactive manner. For example, when a group using the same modus operandi in different locations can be identified, highly improved inter-agency coordination and cooperation can be effected, resulting in more crimes being solved in a manner that saves valuable time, effort and resources of law enforcement nationally. A national data base employing appropriate crime analysis techniques would not only allow for ascertaining what the true cost of cargo theft, particularly high technology cargo theft in America is, but would also allow for the identification of crime pattern analysis, offender characteristics, criminal organization structures, case tracking and the discovery of geographic and ethnic links between theft crews, fences, and the component entities involved in the national and international stolen cargo distribution chains. It could also lead to establishing links between cargo theft and money laundering, large scale fraud, narcotics sales and transportation, and the financing of large national and international criminal organizations.
Establishing a National Cargo Theft Database

In terms of who would perform the gathering of data and maintaining a national cargo theft data base, logically, the U.S. Department of Justice/FBI Uniform Crime Report (UCR) would, at first glance, be the most appropriate medium to collect information. However, according to the U.S. Secretary of Transportation (2000), the FBI, which administers the UCR program and the National Incident-Based Reporting System (NIBRS), does not support adding a cargo theft offense to the UCR program because the program is being phased out and will eventually be replaced by NIBRS. Also, the FBI states that a major obstacle to creating a cargo theft category in the UCR is establishing a comprehensive and widely recognized definition of cargo theft. Variations occur in defining similar or the same crimes in different states, so it is therefore essential that any national data base adopt a single clear definition of what comprises a cargo theft.

As previously pointed out in this study, there are currently 18 different UCR categories under which cargo theft may fall. Cargo thefts can occur from trucks, planes, trains, warehouses, or manufacturing facilities, be

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perpetrated by armed or unarmed thieves, and involve
violence or kidnapping, as is the case in many truck
hijackings. To a great extent, these factors dictate how
the crime is categorized currently under the UCR program.

Another FBI objection to the utilization of the UCR
program for reporting cargo thefts is that if cargo theft
were now to be given a separate UCR category, it would
dilute almost 70 years of data that has been used for
comparison purposes. The FBI also states that utilizing the
UCR for this purpose would place an undue hardship on the
present cooperative statistical effort of almost 17,000
city, county and state law enforcement agencies presently
voluntarily reporting data on crimes. Instead, the FBI
recommends the use of the NIBRS system to collect cargo
theft data. The Bureau states that cargo theft data can be
extracted from NIBRS simply by querying location and/or
cost analysis as most cargo thefts are of a higher dollar
value than a typical larceny theft. The FBI further
maintains that NIBRS allows for more detailed collection of
crime data, which would include the location of a specific
incident, the relationship between victim and offender, and
a comprehensive description of the property involved in any
theft. The FBI contends that NIBRS is a more comprehensive
and detailed source of information than the data summary of the UCR program. At the present time, however, only 10% of the population of the U.S. is included under the NIBRS program, but that percentage will increase over time. NIBRS, per the FBI's contention, will permit the collection, analysis, and reporting of data on cargo theft that will enable law enforcement to assess the extent of cargo theft losses and to develop appropriate responses to the problem. At the very least, the NIBRS program is a long awaited start in the right direction.
CHAPTER FIVE

CONCLUSIONS

Comments on This Study

This study has attempted to bring to light the extent of the national criminal problem of cargo theft, particularly that of high technology product theft, and to describe the "who, what, when, where, how and why" of this multibillion dollar criminal industry. This study has shown that as this problem increased to alarming levels in last decade as evidenced by the National Cargo Security Council 2000 estimate of cargo theft losses reaching 12 billion dollars per year, and the 1999 FBI estimate of 7 billion dollars in yearly cargo theft losses. The study discusses an almost benign neglect of the problem that exists on the federal level.

This neglect is perhaps best exemplified by there being no attempt made by the federal government to access the true cost of cargo theft losses since 1980, over twenty years ago. This study has also pointed out that the "cyber revolution" of the last decade not only produced a burgeoning technological industry in the form of the high technology product manufacturing and distribution system,
which adds greatly to fueling the American economic engine, but also that a "down side" to this economic boom exists in the growth of highly organized criminal groups who specialize in the large scale theft of high technology products. Law enforcement, to date, unfortunately has been shown to be behind the growth curve of the criminal industry that has developed, with the only hope to successfully combat this crime lying in specialized multi-jurisdictional teams, which are hampered by being understaffed, under funded, and not organized on a national level.

Recommendations provided by this study include the funding and training of multi-jurisdictional task forces to combat cargo theft nationally, an increased role to be played by federal law enforcement, legislation including mandatory reporting of cargo theft and effective punishment for cargo theft-related crimes, as well as the reexamination of U.S. immigration policy as it relates to criminals.

Perhaps most importantly, it is the recommendation as well as the fervent hope of this study that a national data base for the reporting of cargo crime can be established, so that state-of-the-art statistical data analysis can aid
law enforcement greatly in combating this crime. A national
data base would also provide the by-product of a rich
resource for future researchers in this area of expertise
for the mining of information and analytical data. This is
essential in order to further build a body of knowledge on
this form of crime that can be utilized by law enforcement
and private industry alike, in the prevention,
investigation and prosecution of cargo theft.

As America enters the 21st century, our legislators and
law enforcement officials will hopefully recognize that we
must utilize to the fullest 21st century methods, tactics,
and strategies in waging a war on the multibillion dollar
criminal industry of cargo theft in the United States of
America.

Limitations of This Study

This study was undertaken with full knowledge of the
impediments that exist in attempting to present a
meaningful picture of the problem of cargo theft in
America. Difficulties included the collection of diverse
data on the cargo theft problem from many sources. As the
study states, at this point in time no national data base
on cargo theft exists. Current data were obtained from law
enforcement sources nationwide, and were often assembled by these sources specifically for this study. Data of a historical nature is difficult, if not at times impossible, to come by. While it has been my earnest desire to be precise in citing the amount of cargo theft occurring in any given area of the U.S. referred to in this study, it has not always been possible.

Another difficulty encountered was the reluctance of private industry to release proprietary information on cargo thefts sustained, for fear of eroding customer confidence and the subsequent loss of market share. Unfortunately, it is the harboring of these "dirty little secrets" on losses that allow cargo theft to flourish.

Lastly, while much of the information that was graciously provided to me by law enforcement can be made public, some information and details could not be stated in this study due to the sensitive role that they play in current ongoing investigations. I have sincerely attempted to provide a valuable insight into the nebulous world of cargo theft, while at the same time respecting the need for confidentiality required by law enforcement on some facets of cargo theft investigation.
APPENDIX A:

STATE OF NEW JERSEY,

MEMORANDUM, JANUARY 5, 1998-

DIRECTIVE CONCERNING MANDATORY

CARGO THEFT AND HIJACKING

REPORTING
MEMORANDUM

TO: Paul H. Zoubek
    Director, Division of Criminal Justice
    All County Prosecutors

FROM: Peter Verniero
      Attorney General

DATE: January 5, 1998

SUBJECT: Directive Concerning Mandatory Cargo Theft and Hijacking Reporting

INTRODUCTION

The New Jersey State Police Cargo Theft/Robbery Unit was established on June 1, 1992: (1) to assist municipal, county, state and federal law enforcement agencies with the investigation of cargo thefts and robberies; (2) to identify areas where cargo theft is a recurrent problem; and, (3) to conduct investigations leading to criminal arrests, prosecution and recovery of stolen property.

The success of our statewide effort to combat cargo theft and robbery depends upon the receipt of timely and accurate information from all law enforcement agencies.

Since 1993, a system of voluntary reporting has been in place which has significantly improved statewide intelligence concerning cargo theft, robberies and hijacking. However, because participation in the program has not been uniform across the State, the database developed to date is not as complete as it could be.
DIRECTIVE

1. Effective immediately, any agency that investigates a cargo theft, robbery or hijacking or recovers stolen cargo is required to notify the State Police Cargo Theft/Robbery Unit within 24 hours by completing the theft/hijacking message (File 16) which is part of the Criminal Justice Information System. The message will then be routed to a preselected destination terminal at the New Jersey State Police Cargo Theft/Robbery Unit through the New Jersey Law Enforcement Telecommunications System.

2. This Directive applies to all thefts, robberies or hijackings of cargo from: (a) Storage facilities; (b) Commercial and industrial centers; (c) Air, sea and rail terminals; and, (d) Commercial freight carriers.

CONCLUSION

By maintaining a record of cargo theft, robbery and hijackings, the New Jersey State Police, Cargo Theft/Robbery Unit will be able to expedite the identification of suspected stolen property, identify areas where these crimes are prevalent and analyze trends in cargo thefts. Further analytical studies will identify individuals and organized groups involved in cargo thefts which will enhance cargo theft investigations statewide.

If you have any questions concerning this Directive, please contact Lt. Joseph Rogalski of the New Jersey State Police Cargo Theft/Robbery Unit at 732-548-7153.

Thank you in advance for your attention to this matter.

Peter Verniero
Attorney General

PV:mp
APPENDIX B:

GENERAL LAWS OF

MASSACHUSETTS

CHAPTER 266:

SECTION 20A.

BREAKING AND ENTERING

OF TRUCKS, TRACTORS,

TRAILERS OR

FREIGHT CONTAINERS
GENERAL LAWS OF MASSACHUSETTS

Chapter 266: Section 20A. Breaking and entering of trucks, tractors, trailers or freight containers.

Section 20A. Whoever breaks and enters, or enters without breaking, a truck, tractor/trailer unit, trailer, semi-trailer or freight container with intent to commit a felony, shall be punished by imprisonment in the state prison for not more than ten years or by a fine of not more than five hundred dollars and imprisonment in the house of correction for not more than two years.
APPENDIX C:
GENERAL LAWS OF MASSACHUSETTS
CHAPTER 266:
SECTION 20B.
STEALING OF TRUCKS,
TRACTORS, TRAILERS OR FREIGHT CONTAINERS
GENERAL LAWS OF MASSACHUSETTS

Chapter 266: Section 20B. Stealing in trucks, tractors, trailers or freight containers.

Section 20B. Whoever steals in a truck, tractor/trailer unit, trailer, semi-trailer or freight container shall be punished by imprisonment in the state prison for not more than five years or by a fine of not more than five hundred dollars or by imprisonment in jail for not more than two years.
APPENDIX D:
FEDERAL STATUTES UTILIZED
IN PROSECUTION OF CARGO/HIGH
TECHNOLOGY PRODUCT THEFT
FEDERAL STATUTES UTILIZED IN PROSECUTION OF CARGO/HIGH TECHNOLOGY PRODUCT THEFT

1. Interstate Transportation of Stolen Property/Sale of Receipt of Stolen Goods, Title 18, U.S.C., Sections 2314, 2315;

2. Theft from Interstate Shipments, Title 18, U.S.C., Section 659;

3. Bills of Lading Act, Title 49, U.S.C., Section 121;

4. Wire Fraud, Title 18, U.S.C., Section 1343;

5. Conspiracy, Title 18, U.S.C., Section 371;


7. Interstate Transportation in Aid of Racketeering (ITAR), Title 18, U.S.C., Section 1952;

8. Racketeering Influenced and Corrupt Organization Act (RICO), Title 18, U.S.C., Section 1962;

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