

**Recyclable Metal Theft Task Force
Tuesday, April 26, 2016
10:00 a.m. – 12:00 p.m.**

**Mervis Recycling
1180 North 22nd Street
Decatur, IL 62521**

Meeting Minutes

1. Welcome and Tour of Mervis Industries, Decatur Facility

Co-Chair Hoffman called the meeting to order at 10:08 a.m. and informed the members that minutes for the meeting would be electronically recorded. A roll call was conducted and the following members were present:

Representative Jay Hoffman, 113th District
Michael Mervis, Director Mervis Industries
Chief Lindell Barton, Alton & Southern Railway Company
Master Sergeant Scott Whitecotton, Illinois State Police
Director Sydney Roberts, Secretary of State Police
Chief Brian Fengel, Bartonville Police Department
Chief Deputy Sheriff Jeff Connor, Madison County Sheriff's Office
Chief Valdimir Talley, Maywood Police Department
Greg Fernandez, Ameren

The following members had scheduling conflicts and were unable to attend:

Representative Mike Unes, 91st District
Lieutenant Troy Phillips, Illinois State Police
Brad Serlin, President United Scrap Metal Inc.
Kevin Martin, Executive Director, Illinois Insurance Assoc.
Ed VanHoose, Executive VP, Clay Electric Cooperatives.

Co-Chair Hoffman also recognized the following individuals who were in attendance:

Representative Sue Scherer, 96th District
Deputy Chief Cody Moore, Decatur Police Department
Sergeant Chris Copeland, Decatur Police Department
Captain David Allen, Secretary of State Police
Lieutenant Tom Chandler, Secretary of State Police
David Hicks, Regional Manager, Mervis Industries
Nick Reitz, Association of Illinois Electric Cooperatives
Bulmaro Hernandez, Maywood Police Department

Co-Chair Hoffman thanked everyone for attending and reminded the members that a report will be due to the General Assembly by October 31, 2016. He stated that they will attempt to move forward with legislation or regulations and that Representative Unes had a bill that the members endorsed, but it did not make it out of committee. He expressed his thoughts to the committee Chairman that they would like to revisit this bill, potentially as a package, at the end of the task force. He also stated that the Judiciary Criminal House Committee was concerned about passing a penalty enhancement bill.

Co-Chair Hoffman thanked Michael Mervis for his hospitality and for hosting the Task Force. He then asked Mr. Mervis to brief the members about the tour. Mr. Mervis gave an introduction and explained the economic value that scrap yards offer to businesses and the community. He also explained the three major processes that occur at these facilities – (1) cutting or sheering the raw material (2) bailing the material to the specifications required by steel mills or foundries, to which they will be sent and (3) shredding, which is a process used for contaminated material such as an appliance or a vehicle. He stated that due to the high cost of shredding, they do not perform that operation at the Decatur facility, but noted that at one point they were the largest private dismantler of railroad cars in the country. They are able to partially dismantle the railroad cars and send them back to be rebuilt or dismantle them fully and salvage the rebuildable parts such as wheelsets. He said they have also worked closely with companies like Mitsubishi, where they set up a bailer onsite to recover scrap metal and plastics.

He described the portions of the tour including the nonferrous room, ferrous scale, pay office and noted the cameras throughout the location and signature pads to gather electronic signatures. He informed everyone that they would be required to wear Personal Protective Equipment (PPE) including hardhats and glasses. He then introduced David Hicks who took the group on a tour of the facility at 10:24 a.m. The tour of Mervis Recycling allowed members to get an up-close view of operations and see all of the processes that are in place for a scrap facility.

2. Introductions and Approval of Minutes

At the conclusion of the tour, Co-Chair Hoffman called the members together at 11:09 a.m. to continue moving through the agenda. He recognized Representative Sue Scherer, whose district we were meeting in, and offered for her to participate with the group. He then asked members to review the minutes from March and asked for a motion for the approval of the minutes. Greg Fernandez made the motion and hearing no objections, the minutes from March 21, 2016 were approved.

3. Discussion with Decatur Police Department

Co-Chair Hoffman recognized Deputy Chief Cody Moore and Sergeant Chris Copeland of the Decatur Police Department and he pointed to the member packets, which included some recent articles on metal thefts in the area. Deputy Chief Moore introduced himself and said he is the Deputy Chief of Investigations and he deals with the larger scale thefts, however Sgt. Copeland is the individual who reads the daily reports that come through the department.

Deputy Chief Moore briefed the members on recent area thefts, including a warehouse that was having an issue with reoccurring thefts where two individuals were stripping wire from the inside out. He continued that this theft coincided with another one at the strip mall located by Mount Zion, where individuals were taking copper from rooftop heating, ventilating and air conditioning (HVAC) units. He said that wiring from the warehouse was recovered, but they had not recovered wiring from the strip mall.

Co-Chair Hoffman asked how they were able to recover the wiring from the warehouse. Deputy Chief Moore said that they used a portable alarm system, owned by the Police Department, which when activated will dispatch a call via their police radio automatically. He said that the suspects were caught as they fled the scene. He also stated that the cost to put that warehouse back into service was approximately \$250,000 for repairs, and the stolen wire was worth approximately \$3000 to the thieves.

Deputy Chief Moore said that another big issue they are dealing with is thefts from vacant houses. He said that in many cases, the suspects will cut wiring and tubing from houses with utilities still active, which in one case led to an explosion that damaged surrounding houses as well. Sgt. Copeland said that the individual responsible was also involved in copper thefts from a construction site at MacArthur High School in Decatur, but he only received two years of probation as a punishment.

Chief Barton acknowledged the stark difference between the cost of the stolen metal and the cost of damage to property and recognized that the goal of HB5521 was to address that problem. Deputy Chief Moore said that they charge individuals with criminal damage to property and burglary when possible in an effort to try and address surrounding damage. Chief Talley asked if they request restitution in these cases, and Deputy Chief Moore said that is usually a discussion between the victim and State's Attorney's Office, however many times the individuals are of such poor economic means that it would be ineffective.

Director Roberts asked if they suspected a larger scheme with the warehouse thefts, considering the level of sophistication. Deputy Chief Moore said they strongly believed it was just a few individuals stealing the wire for themselves. He also commended Mervis Recycling for their timely assistance whenever they are investigating thefts and he recognized that other scrap yards don't supply the level of information that Mervis does. Chief Barton suggested if some scrap yards aren't cooperating to their fullest ability, they can be written a citation.

Co-Chair Hoffman asked if the members had any other questions and hearing none, he thanked the Decatur Police Department for their time.

4. Updates

Co-Chair Hoffman asked Micah Miller to update the members on some questions that were raised from the last meeting.

a. Electronic Databases (California Dept. of Justice and Leads Online)

Micah Miller informed the members that he was asked to investigate some questions from the last meeting pertaining to two specific electronic scrap reporting databases. Mr. Miller informed the members that the California Metal Database became law on August 17, 2012 and the California Department of Justice was tasked with implementing this database. He mentioned that a fee of \$300 for licensing and certification was determined to be imposed upon the recyclers and pawnbrokers, however as of September 2015 the database was not operational and appears to currently not be operational. He recognized that the language designated an electronic reporting system to be “approved or provided by” the California Department of Justice, which could allow for them to use a third party database such as Arkansas is using.

Mr. Miller also reminded members that at the last meeting, Chief Barton indicated Arkansas was using LeadsOnline, which prompted questions about how it is being paid for. He then pointed to the material in member packets, which referenced information from the Arkansas Attorney General’s Office on their metal theft preventative efforts and another piece of information, which indicated the cost to the state of Arkansas. According to the information, Arkansas has been using LeadsOnline, statewide, since 2009. The Arkansas Crime Information Center, which is an agency under the Governor’s Office, recently requested an appropriation of \$150,000 for the operation of the “Scrap Metal Logbook.” Mr. Miller noted that the vendor they are using for this logbook is LeadsOnline.

b. Adams Development Company Expenses

Mr. Miller reminded the members that at the last meeting they heard testimony from Scott Adams, of Adams Development Company in Alton, Illinois. Mr. Adams shared with the members his experience as a developer who has witness countless thefts from his properties. Throughout the course of the discussion, Co-Chair Hoffman asked if Mr. Adams knew his out-of-pocket cost related to thwarting metal thefts and this is the follow-up to that discussion.

Mr. Miller pointed to an informational sheet in the member packets, which broke down all of Mr. Adam’s expenditures related to security, insurance deductibles, construction of cages for HVAC units, purchases of cameras and extra phone service for security systems, which added up to \$18,189.03.

c. Legislation

Co-Chair Hoffman stated that this was the third meeting, in which the discussion of an electronic database had been mentioned. He asked if members had any thoughts about an electronic database, such as LeadsOnline, being utilized in Illinois. Chief Barton said that he understands the concerns from the scrap recyclers and processors, with regard to a third party having control of information supplied by them. He said that he had a discussion with one of their Directors as he enrolled his Police Department into LeadsOnline, and he was told that law enforcement officials are the only entities who have access to that information and that it is not

sold privately or publicly or otherwise accessible. However, he did acknowledge that they make the vendors sign a waiver stating that LeadsOnline is not responsible for any data breaches if their information is hacked.

Chief Barton continued that any database that would allow the detectives to sit at their desk and search for a suspect's name or search within a certain radius for a transaction with a specified amount of copper would save significant manpower and greatly speed up their investigations. He also said the system is what is important and it would not matter to him if it is implemented through the state, through a private party or incorporated into software that scrap yards are using.

Mr. Mervis said that he believes the scrap industry has a different view than what LeadsOnline is saying about ownership of the information, which could lead to problems. He said that when the information is reported and businesses are turning over all of their customer information, there is a waiver in the form of a check box and the wording is problematic. He also said the other issue is with poor operators in the industry who are not currently keeping paper logs, let alone electronic logs, and this measure wouldn't address this.

Co-Chair Hoffman said that there has to be a way for law enforcement to have easier access to this information without being a burden to businesses. Mr. Mervis asked how you would get all businesses to comply. Chief Barton said that it would be easier for law enforcement to audit the businesses who are not in compliance than to have to physically visit all of them. Greg Fernandez said that he experienced this situation in the St. Louis area and after awhile you get a feel for the good operators who you generally don't have to watch and the bad ones who you are paying more frequent visits to.

Co-Chair Hoffman said if there was requirement to upload daily transactions electronically, it would be easy enough for law enforcement to see who is in compliance and who isn't, but he asked how they would satisfy scrap industry concerns about customer information being secure. Chief Barton suggested contacting a representative of LeadsOnline and expressing the industry concerns about the language in their user agreements.

Director Roberts asked Mr. Mervis if an electronic reporting requirement would have a significant impact on his operations. Mr. Mervis explained that his Terre Haute, Indiana facility reports to LeadsOnline and expressed some frustration a few years ago when they upgraded computer systems and LeadsOnline couldn't accept their information. He continued that it took two months to resolve the situation, and it took nearly that long for the City of Terre Haute to realize they weren't uploading information, which made him wonder how often the information is being checked. He also said for a smaller yard, they may need to add an extra employee, however the larger scrap yards who are using more popular software should be able to easily adapt to an electronic reporting requirement – but he also indicated adding pictures to this information could be more costly.

Mr. Mervis restated that his concerns are primarily about privacy, not only for the customer information, but for competitors seeing the types of transactions and the volume of material

they are dealing with as a company. He said that he would be happy to have representatives of ISRI at the next meeting to discuss their concerns about LeadsOnline in more detail.

Chief Fengel said that his department uses LeadsOnline and wondered if it would be valuable to have a representative talk to the Task Force. Mr. Mervis said that he could also have representative from ISRI on hand to discuss the issue. Deputy Chief Moore indicated that LeadsOnline talked with their department about a system for area pawnbrokers and at the time it was going to be a substantial cost nearing \$10,000 annually, which would have been a burden for his department. He said the cost was based upon department size. He also said they sought an alternative by putting all of the pawnbrokers on the same electronic system that reports to the police directly. Mr. Mervis said that the City of Terra Haute, Indiana spent between \$7500 and \$10,000 for the use of LeadsOnline and it was being paid for by drug seizure money. Co-Chair Hoffman said that if there was a requirement for scrap processors to report electronically to LeadsOnline, they couldn't make a financially burdened police department pay for access to the information.

5. Public Comment Period

Representative Scherer asked Chief Fengel if they had considered imposing fines either on the criminals or on businesses who are bad operators and using those funds for the operating costs of an electronic database. Chief Fengel questioned the amount of money they would be able to get from suspects considering many cases involve drug abuse or people of poor economic means. Representative Scherer asked if there were alternatives to having government pay for the access to LeadsOnline. Mr. Mervis said he thought it would be worth investigating what the state could do in terms of building their own system.

6. Recommendations for Discussion at Next Meeting

Co-Chair Hoffman said that we should try to get representatives of LeadsOnline and any other vendors with similar services to talk with the members. He also expressed interest in talking with the Illinois Law Enforcement Training and Standards Board with regard to increased training and enforcement, given the appropriate funding.

7. Next Meeting Date

The members tentatively agreed upon Monday, May 23rd at 10:00 am for the next meeting date, in Springfield. Mr. Miller said he would make arrangements and provide details to the members.

8. Adjournment

The meeting adjourned at 12:07 p.m.