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COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

COMMERCE COMMITTEE

\* \* \* \* \*

PUBLIC HEARING IN RE: HB 1742

REQUIREMENTS FOR SCRAP PROCESSORS

AND RECYCLING FACILITY OPERATORS

\* \* \* \* \*

BEFORE: JAMES WANSACZ, Acting Chairman  
Richard Grucela, Joseph Brennan, John  
Siptroth, Scott Boyd, and Eddie Day  
Pashinski, Members

HEARING: Thursday, November 15, 2007  
10:30 a.m.

LOCATION: City Hall  
40 East Market Street  
Wilkes-Barre, Pennsylvania

WITNESSES: Jarrett Ferentino, Richard Allan,  
John Allan, Barry Volkel, Ron Foy,  
Liz Tobin, Artie Tafoya, Frank Buzydlowski,  
Brad Lawver, Martin Tice

Reporter: Richard J. Lipuma, C.C.R.

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## 01 P R O C E E D I N G S

02 -----

03 CHAIRMAN:

04 If I could have everyone's attention,  
05 I'd like to call this meeting to order. I'm  
06 Representative Jim Wansacz. I'm filling in today for  
07 Chairman Peter Daley, who unfortunately could not be  
08 with us. We're here today in beautiful Wilkes-Barre,  
09 Pennsylvania on a gorgeous day. Atlanta is wishing  
10 they had this weather right now, so what I would like  
11 to do is introduce the members, starting to my left.  
12 I'll have each member introduce themselves and state  
13 where they're from.

14 REPRESENTATIVE GRUCELA:

15 Thank you, Jim. I'm Representative Rich  
16 Grucela from the 137th District, which is Northampton  
17 County.

18 MR. MCNULTY:

19 I'm Jack McNulty. I'm Chief of Staff,  
20 here with Representative Eddie Day Pashinski from his  
21 office.

22 MR. CALLEN:

23 I'm David Callen. I'm the majority  
24 executive treasurer of the Committee.

25 REPRESENTATIVE BOYD:

01                   Scott Boyd. I'm the Representative to  
02 the 43rd District, which is part of Lancaster County.

03                   MR. SCARPATO:

04                   John Scarpato. I'm a research analyst  
05 from Minority Chairman Representative Dick Hess'  
06 office.

07                   MR. THOMAS:

08                   Michael Thomas, Executive Director of the  
09 Northeast Delegation.

10                   CHAIRMAN:

11                   I'd like to thank all the members for  
12 being here. We're here today on an important bill.  
13 We're here on a problem that Representative Pashinski  
14 has been seeing and that's House Bill 1742. At this  
15 time, I'd like to open with Representative Pashinski,  
16 who will make some remarks.

17                   REPRESENTATIVE PASHINSKI:

18                   Thank you very much, Representative  
19 Wansacz. I'd like to welcome you all here, and  
20 Wilkes-Barre is a beautiful place to live and work.  
21 It's unfortunate that Mother Nature hasn't complied  
22 with the sunshine that we've experienced for the last  
23 several months.

24                   I would like to also recognize  
25 Representative Boyd. Representative Boyd is a

01 co-sponsor of this legislation, and I'm very proud to  
02 say that we have a bipartisan support on that. Let me  
03 just give you a quick little background on this.

04           As I was running for the Office of State  
05 Representative, I had the opportunity to meet with  
06 various people from the community and one gentleman  
07 that I met was Mr. Daniel Sitteron (phonetic), who is  
08 a noted and a very well respected developer of  
09 property in various industrial sites, et cetera. And  
10 in the conversation we were talking about the future  
11 of northeastern Pennsylvania, and in that process he  
12 indicated to me that he had to hire security to watch  
13 over an abandoned building that he had just recently  
14 purchased that he was in the process of developing.  
15 And I asked him why he needed security and he  
16 indicated to me that his property was being broken  
17 into on a regular basis and the copper wire and the  
18 copper tubing were being stripped from that property.

19           Initially, when that first came to me, I  
20 thought that was primarily a regional or a local  
21 problem. As I began investigating this further, I  
22 began to realize the depth at which this theft of  
23 copper and other precious metals are now taking place  
24 to the tune of over a billion dollars a year. So as a  
25 result, I began researching this with our staff and we

01 came up with House Bill 1742, which would be a way to  
02 help law enforcement curb the problem. I will now  
03 read from the testimony.

04 Good morning, Representative and Chairman  
05 Wansacz, and thank you members of the Commerce  
06 Committee. My name is Eddie Day Pashinski and I am a  
07 member of the Pennsylvania House of Representatives.  
08 In July of this year, I introduced House Bill 1742  
09 regulating the sale and purchase of scrap metals. I  
10 feel strongly this legislation is needed to address  
11 what is becoming a rapidly growing problem, not just  
12 here locally, not nationwide. This year's estimate  
13 for financial losses due to metal thefts will exceed  
14 one billion dollars. To curtail the epidemic  
15 proportions of this problem, legislation regulating  
16 the sale of scrap metal has been proposed in Hawaii,  
17 Arizona, Indiana and the State of Washington.

18 The cost of replacing these materials is  
19 considerable and impedes the progress of building in  
20 terms of time and money as they have to replace items  
21 that are stolen. And of course, the cost of replacing  
22 these materials is passed along to the purchasers. As  
23 an example of the cost involved, stripping copper wire  
24 and pipes from normal residential households may  
25 garner \$500 to \$1,000 for the thief, while costing the

01 homeowner \$40,000 to \$50,000 to replace. Commercial  
02 and industrial thefts cost companies (sic) cost them  
03 hundreds of thousand of dollars.

04           As one might expect, copper currently is  
05 going for \$3.07 per pound and would certainly appear  
06 to be the most attractive target. Utilizing in wiring  
07 and other building supplies, it can be easy to steal  
08 from construction sites. Just this past Tuesday night  
09 in Harrisburg, a television station reported on  
10 several thefts at a construction site in that area.  
11 And the stealing is not just limited to copper. The  
12 thieves are taking equipment as well. According to  
13 police in Upper Allen Township, there were reports of  
14 at least seven thefts or attempted thefts already this  
15 month. While various things were taken, copper was  
16 stolen from every site. In one instance, the thief  
17 wrote in bold letters enough to spray paint (sic) a  
18 message stating the trailer was easy. In other words,  
19 they broke into the trailer and it wasn't a problem  
20 whatsoever.

21           This example is not unlike that which is  
22 occurring here in Wilkes-Barre or Pittsburgh or  
23 anywhere else in Pennsylvania. My legislation will  
24 assist scrap dealers to avoid the unintentional  
25 purchase of stolen materials. Indeed, this

01 legislation to a large extent parallels the guidelines  
02 advocated by the institute of Scrap Recycling  
03 Industries, Incorporated. The ISRI is a private,  
04 nonprofit trade association that is the voice of the  
05 recycling industry. It represents more than 1,300  
06 private, for profit companies that process, broker and  
07 industrially consume scrap metals, as well as other  
08 materials. Recognizing how metal theft can make  
09 victims of the dealers as well as the builders, the  
10 ISRI developed recommendations to assist scrap metal  
11 processors in identifying avoidable and stolen  
12 materials.

13           These recommendations include outreach to  
14 industry, municipalities and law enforcement in order  
15 to create a mutual understanding of the challenges  
16 involved with preventing the inadvertent purchase of  
17 stolen scrap. It is imperative than when a dealer  
18 notifies law enforcement that materials may have been  
19 stolen, law enforcement responds properly.  
20 Identifying the seller by collecting pertinent  
21 information from appropriate sources, tracking each  
22 transaction in order to connect the material purchased  
23 by the dealer with the individual that sold the  
24 material.

25           Utilizing video systems, equipped with



01 time stamps, if possible, with a camera placed at the  
02 scale or cashier area. Scrap dealers should refuse to  
03 purchase certain types of materials unless the seller  
04 has evidence that he or she is authorized to sell the  
05 materials in question. Development and implementation  
06 of training programs for scale operators and other  
07 employees on how to identify suspicious materials.

08 Mindful of the fact that scrap yards are  
09 small when in some cases family owned and operated, I  
10 realize that the purchase and installation of video  
11 systems may be cost prohibitive. However, something  
12 needs to be done to stem the tide of these thefts. I  
13 believe that 1742 will not only achieve this  
14 objective, but it will also serve to protect the vast  
15 number of scrap dealers in Pennsylvania who are law  
16 abiding citizens.

17 House Bill 1742 applies only to sales  
18 exceeding \$50. Under this legislation, scrap metal  
19 dealers will obtain the identification of the seller  
20 including name, address and telephone number.  
21 Recording, photocopying or scanning the number of the  
22 driver's license of the seller or other form of  
23 government issued identifications.

24 Record the make, year, type and license  
25 plate number of the vehicle utilized to convey the

01 materials to the scrap yard. Create a unique  
02 identification number for each seller and use it for  
03 each transaction that the seller will participate in.  
04 Record the date and time of each transaction. A  
05 description of the scrap material to be included in  
06 the transaction and obtain the the seller's signature  
07 on each transaction.

08           Under House Bill 1742, separate accounts  
09 must be kept and maintained for commercial entitles.  
10 There must be evidence in writing that the individual  
11 selling the material on behalf of the business is  
12 authorized to do so, again protecting the dealer as  
13 well as the commercial enterprise.

14           In cases where law enforcement has  
15 reasons to believe certain materials may have been  
16 reported, that material must be held a maximum of  
17 three business days. After the three-day period has  
18 expired, the material in question must be released to  
19 the owner or released. In order to extend the holding  
20 period, law enforcement must obtain an order from a  
21 magisterial district judge and the judgment has to be  
22 determined that probable cause does exist.

23           Investigative or law enforcement officers  
24 may obtain information on sales of scrap materials  
25 only if they have secured a subpoena, warrant or court

01 order. Although I mentioned copper as a target  
02 earlier, you should know that thefts of catalytic  
03 converters are on the rise. These converters contain  
04 precious metals such as platinum, rhodium and  
05 palladium, and they are easy to remove from many  
06 vehicles. Reports indicate thieves can sell them for  
07 as much as \$150 a piece.

08 As I stated before, I believe House Bill  
09 1742 will protect the law abiding scrap dealers as  
10 well as others who are victimized by these thefts. I  
11 thank you very much for the Committee's time and I am  
12 available for questions.

13 CHAIRMAN:

14 Is there any questions for Representative  
15 Pashinski? Not at this time.

16 REPRESENTATIVE PASHINSKI:

17 Thank you very much.

18 CHAIRMAN:

19 We have Representative Scott Boyd, who'd  
20 like the opportunity to make a few remarks as well.

21 REPRESENTATIVE BOYD:

22 Thank you, Mr. Chairman. I appreciate  
23 that. I don't have any written remarks or testimony.  
24 As a member of this committee, I would like to say  
25 oftentimes I think folks hear about the partisan

01 bickering that goes on in Harrisburg. I just want to  
02 testify to the excellent bipartisan work that's been  
03 done on this piece of legislation. It's interesting  
04 that I had similar contacts in my district about this  
05 issue and was developing legislation similar to House  
06 Bill 1742. And when I spoke to some of my colleagues  
07 across the aisle, they mentioned that Eddie was  
08 working on a piece of legislation and so we actually  
09 worked together. I shared my news when we had worked  
10 with our staff in development, and came up with  
11 ultimately House Bill 1742, which I think is an  
12 absolutely excellent piece of legislation. And I'd  
13 just like to say that it's a pleasure when we work  
14 together like this and team up and see some quality  
15 product. I think Eddie has done --- I'm sorry,  
16 Representative Pashinski, I think he's done an  
17 absolutely marvelous job on some of the things that  
18 we've worked on and clearly made it much, much better.  
19 He has a relationship with the scrap dealers. I know  
20 there's been a lot of work with the industry to try  
21 and make this bill palatable to them. And I just want  
22 to commend his efforts and say how much of a pleasure  
23 it's been to have worked with him on it. And I  
24 believe it's clearly something that's very, very  
25 important.

01                   One of the issues that was important to  
02 me when I started this process was we were having  
03 youths, young people, that were stealing copper  
04 tubing, pipe, wire and getting cash for them. And I'm  
05 sure that there was drug money involved and it was  
06 supporting the habit. So part of the reason I started  
07 down this road was really to try and get at that root  
08 core issue where some guy could pick up \$50, \$75 and  
09 \$100 in cash. So we want to be able to discourage  
10 that type of behavior and some of these reported  
11 elements will be a part of that. This thing really  
12 took place when a lot of folks in the industry got  
13 involved and were very interested.

14                   Another very intriguing point behind this  
15 bill, it's a piece of legislation where the building  
16 trades and the associated builders and contractors,  
17 which normally don't agree on anything in Harrisburg,  
18 are actually on the same page here. It's truly  
19 something that both sides of aisle, people on both  
20 sides of the issue oftentimes that are diametrically  
21 opposed to working together, from union to non-union  
22 groups to power companies, along with the breweries  
23 are very, very interested in this because people were  
24 stealing kegs.

25                   But with that said, I just want to say

01 how much of a pleasure it's been to work with Eddie on  
02 this piece of legislation. I really look forward to  
03 moving this out of the Committee and getting this out  
04 of the House and hopefully we can get the Senate to  
05 consider this piece of legislation also. Thank you,  
06 Mr. Chairman.

07 REPRESENTATIVE PASHINSKI:

08 Thank you, Scott, for those nice  
09 comments. It was definitely totally bipartisan and it  
10 has been a pleasure working with Representative Boyd.

11 CHAIRMAN:

12 I'd like to call our first testifier,  
13 Attorney Jarrett Ferentino from Luzerne County.

14 ATTORNEY FERENTINO:

15 Gentlemen, good morning. My name is  
16 Jarrett Ferentino. I am an Assistant District  
17 Attorney here in Luzerne County. First of all, let me  
18 thank each and every one of you for the opportunity to  
19 speak directly to a committee of the House.

20 Rare is the opportunity given to a  
21 prosecutor to speak directly to our legislators. I  
22 think it's a credit to everyone on the committee that  
23 you are willing to listen and garner input from some  
24 of the folks in the trenches, some of the folks who  
25 see exactly how this bill will aid us and protect our

01 community and individuals in the scrap industry as  
02 well.

03           Let me say on behalf of District Attorney  
04 Dave Lupus and First Assistant DA Jackie Carroll, they  
05 also welcome you and we lend our 100 percent,  
06 unequivocal support to this House bill. I have  
07 reviewed it with them and discussed it with him and am  
08 just really honored to be here and present some  
09 testimony regarding with regard to what we've seen and  
10 how I think this bill will help us.

11           Number one, there has been an increase in  
12 thefts of scrap metal. Most documented increased  
13 thefts come from the thefts of, sadly, veteran police  
14 that adorn cemetery plots throughout our community.  
15 To date, the number I've gotten, just to review in our  
16 case, is 739 brass rods have been removed from the  
17 gravesites of veterans.

18           Certainly, these brass rods adorn these  
19 sites as a badge of honor. They are priceless to the  
20 families, but they're being sold, sadly, at \$3.09 a  
21 pound. And that's a sad commentary for both the thief  
22 and the scrap viewers that are purchasing these items.  
23 This law has a very determined effect on the purchase  
24 of those kinds of items. They command --- it's pretty  
25 clear when you see a rod from a grave marker that it

01 is, in fact, coming from a grave marker. Anyone in  
02 the industry would be put on notice that that is, in  
03 fact, what it is. I believe that this law will help,  
04 one, protect those veterans, allow them to rest in  
05 peace, and aid us in our prosecution and I'll get to  
06 that in a moment.

07 Right now, the current status of the law,  
08 scrap dealers are not required to take personal  
09 information. Personally, I've prosecuted a case where  
10 an individual brought metals to their local scrap  
11 yard, written on the metal was property of a company  
12 locally. The metal was purchased nonetheless and a  
13 receipt was documented, and on the signature line was  
14 a straight line so we were left with little evidence  
15 in support of our prosecution. We did have the  
16 benefit of eye witness testimony from the individual  
17 who purchased the products at the scrap yards.

18 This committee is certainly aware of our  
19 burden in criminal court, that being beyond a  
20 reasonable doubt. I assure you a photograph from a  
21 driver license along with an address and a real  
22 signature helps us to reach and achieve that burden.  
23 And certainly this law protects us and allows for us  
24 to do that.

25 The law also has teeth with regard to



01 scrap metal processes because police can hold a hammer  
02 over scrap metal processing and say, look, if you  
03 don't comply with this law you can be charged.  
04 Oftentimes, you know, those kinds of discussions are  
05 had with the scrap metal dealer. They don't have  
06 teeth. This law allows for it to --- gives that kind  
07 of a warning some teeth, gives it some consequences  
08 and would allow for a penalty to be imposed.

09           Locally also, an individual was just  
10 sentenced last week of theft of metal to 52 months to  
11 14 years in prison. I think that that sentence speaks  
12 volumes as far as the commentary and the level that  
13 this problem has really surfaced in this community.  
14 Also, Representative Boyd discussed the effect and the  
15 role drugs may play in this kind of sale. Two years  
16 ago, I prosecuted an individual that was stealing  
17 construction materials and scrap material from every  
18 scrap site and construction site in Luzerne County.  
19 This guy would steal your mother-in-law. Anything  
20 that wasn't nailed down, he stole.

21           After having a discussion with this  
22 individual, it resulted in ten cases proceeding  
23 against this person and I had discussion with him and  
24 he told me that basically, these thefts arose out of a  
25 very serious drug problem. The thefts were motivated

01 and were done to fuel his problem, and I think that  
02 had this law been enacted at that point he would have  
03 been caught faster. Perhaps other people wouldn't  
04 have been victimized. He graduated to much more  
05 serious crimes. This is an individual who cost this  
06 community a tremendous amount of money when he was on  
07 the run and had ultimately escaped.

08 I think had this law been enacted, we  
09 wouldn't have been having those problems because he  
10 would have been sitting in jail. And I think that a  
11 byproduct, certainly as a committee, perhaps we can  
12 catch someone and nip a problem in the bud. I think  
13 that if a person is at the point in a drug problem  
14 that they're committing those kinds of brazen thefts,  
15 they're stealing from graves, it's only a matter of  
16 time before they graduate and steal from the living  
17 and perhaps violently. And I think that this law has  
18 a byproduct of documenting those kinds of thefts and  
19 maybe nipping the problem in the bud, as I said.

20 With regard to my review of the Act, I  
21 will say that certainly it will aid us in the faster  
22 apprehension because of that required documentation.  
23 It provides for the first time a means of prosecution  
24 of individuals in the scrap metal business. Now, I  
25 know this law isn't aimed at harming anyone in the

01 business. I know that the Act actually refers to  
02 individuals as unknown conduits to thefts, and I  
03 believe that that happens every day, too. I do  
04 believe, though, there are times where an individual  
05 may be a known conduit. Again, when something says  
06 property of Kmart or property of another entity and  
07 they have someone coming in in a broken-down truck  
08 selling them these products after thefts have been  
09 reported, I think that someone then becomes a known  
10 conduit and the law provides for the protection to our  
11 community for them as well.

12 I think that the law has most importantly  
13 a deterrent effect. Perhaps we'll see a reduction in  
14 these kinds of sales and not an increase in  
15 prosecution. I think if you see that reduction, then  
16 we've achieved our aims and the billions of dollars  
17 that are being lost every year are saved.

18 With that, gentlemen, I appreciate the  
19 time and attention. Certainly, if you have any  
20 questions for me, I'll do my best to answer them.

21 CHAIRMAN:

22 Does anybody have any questions for  
23 Attorney Ferentino? Representative Grucela?

24 REPRESENTATIVE GRUCELA:

25 Thank you, Chairman Wansacz. Just one,

01 and I realize you're supportive of the bill and so am  
02 I, but pardon my naivety, but just a little question  
03 on currently what occurs, especially if someone takes  
04 a marker from a veteran. I would assume the name is  
05 on it.

06 ATTORNEY FERENTINO:

07 Well, what typically happens in a theft  
08 like that, the items is broken, and the rod is --- the  
09 rod is made of brass and that has value as well, so  
10 that could be sold without an identification marker.

11 REPRESENTATIVE GRUCELA:

12 So they're smart enough to remove the  
13 name?

14 ATTORNEY FERENTINO:

15 Yes. And certainly they can be charged  
16 with theft. There is a crime that fits that act,  
17 but ---.

18 REPRESENTATIVE GRUCELA:

19 How about the dealer? Receiving stolen  
20 property, or could he plead ignorance that the name is  
21 not there and I don't know what this is?

22 ATTORNEY FERENTINO:

23 Well, certainly he or she can.

24 REPRESENTATIVE GRUCELA:

25 But it makes it tougher; right?

01                   ATTORNEY FERENTINO:

02                   Certainly he or she can. Those kinds of  
03 items are taken care of or removed from the property  
04 quickly. It may have value to a dealer. And I'm not  
05 saying --- we've had scrap dealers locally who  
06 contacted the District Attorney's Office and aided us  
07 in prosecution. I personally have had scrap yard  
08 processors on the stand in support of the prosecution,  
09 so they do notify the office and sometimes it happens  
10 that some don't. It could just be in a truckload of  
11 scrap that a thief had been collecting over a few days  
12 to get some money.

13                   REPRESENTATIVE GRUCELA:

14                   So as I see it, this is a good bill  
15 because it kind of closes those loopholes that might  
16 make it difficult for you to prosecute, let me put it  
17 that way.

18                   ATTORNEY FERENTINO:

19                   It does. It gives us that information  
20 that is so violent, and like I said, a photograph and  
21 some driver's license information presented to a jury  
22 is a prosecutor's dream, and that's what it gives us.

23                   REPRESENTATIVE GRUCELA:

24                   Thank you.

25                   REPRESENTATIVE PASHINSKI:

01                   Just to support what Mr. Ferentino was  
02   talking about when talking about those American Legion  
03   markers. I spoke with the veterans and it costs them  
04   \$27 to \$33 for each marker and now that the thefts are  
05   being so prevalent, that was considering having them  
06   go to aluminum, which is sad. But it's caused a lot  
07   of problems.

08                   ATTORNEY FERENTINO:

09                   Absolutely. Those markers should be made  
10   of gold and they shouldn't be touched. It's sad that  
11   they have to go to a cheaper material.

12                   CHAIRMAN:

13                   Attorney Ferentino, thank you for your  
14   testimony. Dave?

15                   MR. CALLEN:

16                   Thank you for showing up on such short  
17   notice. We've had some angry remarks and they're very  
18   helpful. As an officer of the Court, I would ask you  
19   that, part of the procedure, a good part, is that a  
20   police officer can place a three-day hold on some  
21   items. To extend that order, partisan order, from a  
22   magisterial district judge, is that going to work in  
23   the courts, having a district judge put an order on as  
24   opposed to a Common Pleas Judge?

25                   ATTORNEY FERENTINO:

01                   Well, I think, yes. Yes, I think it can  
02 work. We have a very active Magisterial District  
03 Court locally. There's always a magistrate judge on  
04 call 24 hours a day. I've personally had the pleasure  
05 of talking to them at three or four in the morning. I  
06 think they're local, they're close to the situation,  
07 they can, within a couple of hours, have a court order  
08 out to a scrap yard. I would hope again, though, that  
09 in the industry, if someone was called and put on  
10 notice that items may be part of a theft that they  
11 agree to hold those items for a few days. They  
12 certainly don't want to --- you know, a year would be  
13 unreasonable, three days may do it. But you raise a  
14 good point.

15                   One problem I found with the bill is the  
16 requirement that we produce a court order or a  
17 subpoena to the scrap dealer in order to garner the  
18 personal information. I think a deal between the  
19 scrap dealer and a customer isn't a privileged deal  
20 and it's not a privileged communication. I think that  
21 individuals in the industry should be encouraged to  
22 voluntarily turn that information over.

23                   Detective Foy is going to testify in a  
24 short time and he'll tell you that sometimes there is  
25 a delay in securing a court order and if information

01 --- if time is of the essence in securing that kind of  
02 information, well, it may take several hours to get a  
03 district attorney and secure a subpoena or a court  
04 order to secure the personal information. I think  
05 they should be encouraged to voluntarily turn that  
06 over, and as I've said in the past, without this bill  
07 they've turned it over voluntarily. I don't want to  
08 create or see created an additional bureaucratic step  
09 in the process of securing that information. That may  
10 take time.

11 MR. CALLEN:

12 So just to clarify in terms of the use of  
13 the whole order, the district magistrate, that  
14 constitutionally, do you think that will hold up  
15 without having the order issued by a Common Pleas  
16 Judge?

17 ATTORNEY FERENTINO:

18 I think that constitutionally there would  
19 be a finding that there is probable cause from the  
20 magistrate, that that is the fruit of a crime, and  
21 that's standard probable cause, you know, and the  
22 magistrate would be making that conclusion, so I think  
23 we're protected from any constitutional challenges in  
24 that regard.

25 MR. CALLEN:



01 Thank you.

02 CHAIRMAN:

03 Again, thank you for your testimony.

04 You've pointed out some pretty alarming statistics. I

05 was not aware of this. I believe you said 739 brass

06 rods stolen last year?

07 ATTORNEY FERENTINO:

08 That's what I was told. Yes.

09 CHAIRMAN:

10 Thank you for that. I'm sure that's

11 going to help us proceed through this. And I

12 apologize, I looked down on the sheet and it said

13 Garrett.

14 ATTORNEY FERENTINO:

15 Oh, that's all right.

16 CHAIRMAN:

17 But thank you for your testimony.

18 ATTORNEY FERENTINO:

19 Thank you.

20 CHAIRMAN:

21 Next up is Richard Allan, the executive

22 of the Pennsylvania Institute of Scrap Recycling

23 Industries.

24 MR. R. ALLAN:

25 Good morning, Representative Wansacz and

01 members of the House. And excuse me if I'm going to  
02 be repeating some of the information that  
03 Representative Pashinski has already announced. He's  
04 got quite a bit of background from the Institute of  
05 the Scrap Recycling Industries.

06 I'm Richard Allan. I'm the Executive  
07 Director for the Pennsylvania members of the Institute  
08 of Scrap Recycling Industries, ISRI, as we call it.  
09 And it'll be a lot easier, I'll go forward and refer  
10 to it as that. ISRI is a national trade association  
11 that represents about 1,500 member companies that  
12 process, broker or industrially consume scrap metals,  
13 paper, plastic, glass, rubber, textiles and  
14 electronics in nearly 5,000 facilities nationwide with  
15 over 60,000 employees.

16 ISRI members conserve huge amounts of  
17 energy and preserve our environment by minimizing the  
18 need to use virgin raw materials in the manufacturing  
19 of new products. The minimum energy saved using  
20 recycled materials instead of virgin raw materials is  
21 64 percent for paper, 74 percent for iron and steel  
22 and up to 95 percent for aluminum. Recycling one ton  
23 of paper saves 17 trees, 79 gallons of oil and 7,000  
24 gallons of water. Recycling one ton of steel  
25 conserves 2,500 pounds of iron ore and 1,400 pounds of

01 coke. Recycling scrap materials diverts 145 million  
02 tons of materials from landfills. In addition, and  
03 it's a hot topic right now, greenhouse gas emissions  
04 are reduced. The National Recycling Counsel  
05 calculated that recycling, and this is in just  
06 Pennsylvania, prevented 2.5 million metric tons of  
07 carbon equivalents, which is comparable to reducing  
08 the emissions from 1.7 million cars and light trucks.

09 In 2006, estimated annual scrap sales  
10 approached \$65 billion with ISRI members processing  
11 100 million tons. Scrap is the 12th largest export  
12 from the United States at \$15 billion. There is more  
13 than adequate supply to meet the domestic  
14 manufacturers' demand for recycled materials far into  
15 the foreseeable future. Today, 70 percent of the  
16 metals and alloys produced in the United States are  
17 made from scrap metals. More than 50 percent of the  
18 U.S. paper industry's needs are met through the use of  
19 scrap paper.

20 ISRI members operate 135 scrap processing  
21 facilities in Pennsylvania, employing thousands and  
22 investing significant sums of money in land, buildings  
23 and equipment. They have a strong incentive to  
24 operate their businesses in a legitimate, lawful  
25 manner while providing a needed service to their

01 communities. Most member companies are family run and  
02 have been in business for several generations. I am  
03 the third generation of a family run scrap processor.  
04 My grandfather started right here in Wilkes-Barre over  
05 80 years ago with a horse and wagon.

06 Today, any scrap processor that wishes to  
07 remain competitive must invest millions of dollars and  
08 purchase the most advanced equipment to process scrap  
09 materials efficiently and meet consumer requirements.  
10 This processing also includes the most advanced  
11 technology available to meet our increasing  
12 environmental concerns. Most of the metal brought  
13 into scrap yards is not marked or identifiable and can  
14 be quite bulky. Most scrap recycling facilities  
15 handle hundreds of transactions a day, often made up  
16 of combined materials of signification weight and  
17 volume. Scrap processors take unneeded materials,  
18 then convert and package them as specification-grade  
19 commodity materials.

20 Everyone is aware that the latest major  
21 increase in metals theft began around the beginning of  
22 2005 and hasn't let up since. This was due to a  
23 combination of worldwide issues. Mine strikes have  
24 shut down, mining company investor interests, the  
25 London Metal Exchange instability, demands in the

01 Orient, the ever-weaker U.S. dollar and commodities  
02 markets manipulating prices all contributed to the  
03 price increases. Metal theft is going to remain a  
04 problem as long as the price of metal remains high.  
05 The scrap recycling industry is a cyclical industry  
06 where prices rise and fall. I've been involved in  
07 this industry all my life, and as long as I can  
08 remember prices go up and down depending on markets  
09 all over the world.

10 Analysts who watch the industry have  
11 mixed views, but most do not expect any kind of  
12 considerable fall in the near future. This provides  
13 for volatile market conditions where there could be  
14 market prices swings daily, even hourly. Competition  
15 among scrap industry members has always determined the  
16 purchase price for metals. Knowing the operating  
17 costs the company will pay as much as they can  
18 expecting a price for what they sell the metal for.  
19 Sometimes the margins are so close that the expected  
20 prices could fall even below the price paid for the  
21 material. This prompts a quick turnover of the  
22 purchases, thus ensuring the anticipated price.

23 Scrap materials are commodities which are  
24 subject to price fluctuations. Restricting the  
25 ability to sell materials on demand can

01 unintentionally impose a substantial financial penalty  
02 on the processor. This could also disrupt the needed  
03 feedstock material for those manufacturers that  
04 substitute virgin raw materials with scrap materials.  
05 No legitimate scrap recycler wants to intentionally  
06 purchase stolen material. It's not only illegal, it's  
07 bad for business, it disrupts operations, there's a  
08 loss of the purchase value and it tarnishes the image  
09 of the industry. It is nearly impossible to tell the  
10 difference between stolen scrap and legitimate scrap  
11 when we're talking about the typical materials that  
12 come through a scrap yard.

13           Contractors, plumbers, homeowners and  
14 anyone who does any kind of repairs will bring various  
15 amounts of all types of scrap, copper, brass, aluminum  
16 siding, stainless steel and iron to a scrap yard.  
17 Certain types of copper wire, railroad or utility,  
18 railroad parts, manhole covers, bronze veteran grave  
19 markers and beer kegs are easily recognized. Thieves  
20 will rarely appear with full spools of new copper  
21 wire, new copper rubbing and new brass pipe or bronze  
22 statues in large quantities or in their original form.  
23 It's easy to disguise this material by cutting it up  
24 so as not to recognize its origination or bringing it  
25 in in small and varying amounts to various scrap

01 yards. It wouldn't be possible to recognize 100  
02 pounds of aluminum siding as being stolen, even if it  
03 was brand new.

04           Either you or your contractor replacing  
05 the aluminum siding would bring it in for sale and the  
06 same with plumbing replacement. There is nothing  
07 recognizable to tell if this material was stolen.  
08 Even with customer I.D. numbers for tracking, it is  
09 nearly impossible to tell if the material was stolen.  
10 Member companies are training their employees to be on  
11 the lookout for suspect stolen materials. When  
12 materials are brought in that the typical person off  
13 the street shouldn't have, scrap industry members can  
14 recognize these and not purchase them. They also know  
15 to get as much information to identify the seller and  
16 material, contact the authorities and when possible,  
17 even successfully delay the purported thief until the  
18 arrival of law enforcement.

19           When metal prices started their meteoric  
20 rise a couple years ago, ISRI took action by  
21 developing the Recommended Practices and Procedures to  
22 minimize the risk of purchasing stolen scrap  
23 materials. These management practices will help  
24 identify and avoid the unintentional purchase of  
25 stolen material. The guidance provides various means

01 that can be tailored to the many different scrap  
02 yards, each with their own individuality. In  
03 addition, ISRI has developed the Theft Alert System to  
04 notify those affected, the scrap dealers, consumers,  
05 law enforcement, about the stolen material. This  
06 notification of stolen material is sent by e-mail and  
07 fax to all interested parties in the general area of  
08 the theft and also to the pertinent parties in the  
09 neighboring states.

10           This was accomplished recently right here  
11 in the Wilkes-Barre area, again regarding the bronze  
12 veteran grave markers which were stolen from a few  
13 cemeteries in the Back Mountain. The local police  
14 released the information quickly, a Theft Alert was  
15 sent out, the grave markers showed up in a local scrap  
16 yard --- and this was just a portion of what was  
17 reported earlier. The markers were instantly  
18 recognized as not belonging to the sellers. The  
19 company notified the local police and the thieves were  
20 caught. As a follow-up to that, most of those, if not  
21 all, from those two or three cemeteries have been  
22 returned to the local police, and they've been  
23 refurbished and replaced in the cemeteries.

24           ISRI has partnered with several  
25 organizations to expand our outreach to the public on



01 metal theft. One such endeavor developed over a year  
02 ago is the relationship with the National Crime  
03 Prevention Council. ISRI is licensed to use the  
04 McGruff Crime Dog in our national promotional campaign  
05 to educate the public and members, along with McGruff  
06 in our theft alerts. As a member of the council, ISRI  
07 regularly participates with the Council nationally at  
08 public seminars and workshops with law enforcement and  
09 government agencies.

10 Another partnership that was developed  
11 was with the Beer Institute and the Brewers  
12 Association to raise the awareness of unlawful selling  
13 and buying of beer kegs. We've developed a very  
14 effective poster that has been distributed to our  
15 members and to the general public. This and an  
16 increase in the keg deposit by the distributors  
17 drastically reduced the attempted sale of aluminum and  
18 stainless kegs for scrap. You have a copy of that  
19 poster with your handouts.

20 Here in Pennsylvania, we work very  
21 closely with the Pennsylvania Automotive Recycling  
22 Trade Society who represent the auto dismantlers.  
23 Most of the automobile scrap our members process will  
24 come from PARTS members after they salvage the salable  
25 auto parts, which will then be sold for used parts.

01 Recently, there was a rash of auto catalytic converter  
02 thefts in Harrisburg. The local police contacted the  
03 PARTS representative knowing that the dismantlers  
04 would be the logical group most affected. A very  
05 effective warning message was developed that was sent  
06 out to all members of both our trade associations.  
07 Based on information I received at the end of October,  
08 October 31st, at a meeting with the Harrisburg Police  
09 Department's Criminal Investigation Division for Auto  
10 Theft, the number of converter thefts dropped  
11 dramatically.

12 This is another example of how joint  
13 cooperation between the industries and law enforcement  
14 works. The Harrisburg Police Department has requested  
15 that a meeting take place for the regional departments  
16 for a start and that we expect it to go eventually  
17 statewide. Across the nation, ISRI members have been  
18 proactive in their efforts to be part of the materials  
19 theft solution working closely with law enforcement,  
20 prosecutors, legislators, utilities and other  
21 industries. Despite all of these efforts, some  
22 stakeholders are often missing the message that the  
23 Scrap Recycling Industry is diligently working to be  
24 part of the solution.

25 There has to be more communication

01 between all parties and utilize all the tools that  
02 have been developed. With all the educational  
03 information that has been developed and the nationally  
04 recognized partnering programs, the Scrap Recycling  
05 Industry has achieved --- that the Scrap Recycling  
06 Industry has achieved, it can face challenges in  
07 addressing metal theft. There are 23 state laws or  
08 statutes dealing with metal theft with many types of  
09 procedures expected to deter theft.

10           Upon a national review, there isn't  
11 enough evidence that these laws have deterred metal  
12 theft or significantly reduced their frequency. What  
13 we have seen is that there is a reduction in metal  
14 theft in many major cities nationally when information  
15 is disseminated to all affected parties and  
16 cooperation between the public, law enforcement and  
17 the scrap recycling industry.

18           I want to make it eminently clear that  
19 ISRI and its members do not condone or ignore metal  
20 theft. In fact, many of our members are also  
21 frequently the victims of such activities. We agree  
22 that obtaining certain identity information for  
23 transactions will be helpful and this being done. But  
24 under certain circumstances, it's either physically or  
25 logistically difficult to achieve for every

01 transaction. Every scrap processing facility is  
02 different and the physical design or layout for  
03 receiving recyclables may hamper the ability to access  
04 certain information.

05           Also, holding scrap material for any  
06 length of time is not practical for most processors  
07 because of the sheer volume of materials that are  
08 handled daily. Segregating materials that come in  
09 each day into individual piles would require enormous  
10 amounts of space and buildings that simply are not  
11 possible. Tracking every customer may not be easy,  
12 for even today some companies do not computerize daily  
13 purchases which may be in the hundreds. Also, they  
14 may only track certain materials daily that they  
15 expect to sell as soon as possible when there is an  
16 adequate amount.

17           We wholeheartedly commit our assistance  
18 to deter metal theft and will continue to participate  
19 throughout this process. Please keep in mind that the  
20 Scrap Recycling Industry has been in existence for  
21 over 100 years, and without the industry there would  
22 be no recycling. This identification, recordkeeping  
23 and holding requirements of House Bill 1742 could  
24 negatively impact the Scrap Recycling Industry and  
25 especially those small, less sophisticated companies.

01 We invite the committee and any others interested to  
02 visit a scrap processor to better understand the  
03 day-to-day operations of a scrap processing facility.  
04 I want to thank the committee, Representative Wansacz,  
05 for allowing the time to present the scrap recycling  
06 industry's process and our views of the metal theft.

07 CHAIRMAN:

08 Thank you, Mr. Allan. Thank you for your  
09 testimony. We'll now open up to any questions from  
10 the panel. Representative Grucela?

11 REPRESENTATIVE GRUCELA:

12 At the conclusion area of your negative  
13 impact, I think you outlined, I believe, a little bit  
14 in your testimony, but can you elaborate on that?  
15 Would it put the small guy out of business? I'm not  
16 quite sure. I'm just asking you to elaborate on the  
17 sentence that you had in your testimony that this bill  
18 could negatively impact the industry.

19 MR. R. ALLAN:

20 It depends on the facilities and actually  
21 how they're operated. A lot of smaller companies may  
22 not have the electronics or be able to do that. For  
23 example, even to try to get a license plate number.  
24 Depending on the structure of the facility, depending  
25 on how the material is brought in to that particular

01 building, you sometimes have 30, 40, 50, even 60  
02 customers lined up. And depending on the actual line,  
03 the way the facility is designed, I'm not saying it  
04 would put them out of business, but they may be at a  
05 disadvantage depending on the size of the operation,  
06 the number of employees and the physical structure of  
07 the operation.

08 REPRESENTATIVE GRUCELA:

09 Apparently, you're trying to police your  
10 own ranks. That's kind of what I'm getting from your  
11 testimony, and is that effective?

12 MR. R. ALLAN:

13 I think it is, and I think we've shown a  
14 very strong commitment by developing all of the  
15 procedures and recommended practices well over a year  
16 ago in developing metal thefts --- I know you have  
17 copies of the them as examples of one done regularly,  
18 the Theft Alert, one done on a national level, and I  
19 have also included a copy of our website on metal  
20 theft. And it's just an example of cities across the  
21 country, there are dozens that we've gotten reports on  
22 just recently, that once this is implemented this  
23 theft system is --- Theft Alert is implemented, thefts  
24 go down drastically.

25 REPRESENTATIVE GRUCELA:

01                   And every profession tries to police  
02                   their own ranks, but what exactly do you do if you  
03                   find someone in your industry who is not cooperative?  
04                   Do you turn them in?

05                   MR. R. ALLAN:

06                   Well, we abide by the law. There's no  
07                   one going around policing every industry, no. But if  
08                   somebody is a bad apple, we may think twice before  
09                   you, being another scrap dealer, would do business  
10                   with them.

11                   REPRESENTATIVE GRUCELA:

12                   You, individually as another scrap  
13                   dealer?

14                   MR. R. ALLAN:

15                   Yes.

16                   REPRESENTATIVE GRUCELA:

17                   But do you alert anybody else or is it  
18                   just individual?

19                   MR. R. ALLAN:

20                   There's a legal issue to a lot of people,  
21                   that if you assume or think somebody else is not  
22                   abiding by the law.

23                   REPRESENTATIVE GRUCELA:

24                   Thank you.

25                   CHAIRMAN:

01                   Thank you, Mr. Grucela. Representative  
02 Boyd?

03                   REPRESENTATIVE BOYD:

04                   Thank you for your testimony. Can you  
05 give me --- the list of things in the bill that would  
06 be required, can you give me specifics as to what  
07 particulars are problematic or you have a problem  
08 with?

09                   MR. R. ALLAN:

10                   It would be easier to have a menu, more  
11 or less, as our practices recommend to our members  
12 depending on their facilities. Most of our members  
13 today are asking for an I.D. They're aware of what  
14 that --- of the help that that can produce, but  
15 getting vehicle, VIN numbers, license plate numbers,  
16 even sometimes asking, even assigning an I.D. number,  
17 the I.D. number may or may not help. And if the  
18 facility is busy at the time, does not assign a number  
19 by accident, that also could be a problem. It would  
20 depend on what the facility is capable of doing, and I  
21 believe that are members are recording an accurate  
22 amount of information. If you take the name, address,  
23 the description of the material, the weight of the  
24 material, the price paid for the material and most of  
25 the times a copy of their driver's license, that is



01 kept on record, that's there.

02 I cannot tell you I've ever heard of an  
03 industry member refuse access to that information when  
04 something is specifically noted as being stolen.  
05 They've been asked. But I will say that asking and  
06 speaking to our members across the state in the last  
07 month or so, one thing that does keep popping up is  
08 that they do not hear from the parties that have  
09 materials stolen from or from law enforcement right  
10 away. Materials are reprocessed, and as recent as  
11 this morning, I had a member from Pittsburgh call me  
12 to tell me that they asked to start something like  
13 this kind of a process locally and they were told  
14 that, well, law enforcement doesn't have the time for  
15 this. They were told that we don't have the time to  
16 even come into your facilities until some other time  
17 down the line. Even sometimes they don't call to ask  
18 have you received a certain type of material for days  
19 or weeks later and by that time the material is  
20 processed and sometimes out the door.

21 REPRESENTATIVE BOYD:

22 I think the reason I asked the question  
23 is because I think a part of --- when Representative  
24 Pashinski started working on this together, a part of  
25 my process was really trying to codify the best

01 management practices that the industry was already  
02 really encouraging their remembers to do, and putting  
03 it in the statute would require all of them to do.  
04 The whole idea was that there'd be a paper trail for  
05 law enforcement if, in fact, they would identify that  
06 there was a product stolen then there would be a  
07 driver's license, a photo I.D, and a vehicle license  
08 number, so that at least they could go chase that  
09 person and adequately process them. Are you okay with  
10 that portion of the bill?

11 MR. R. ALLAN:

12 Again, it depends on the physical  
13 capabilities of each company.

14 REPRESENTATIVE BOYD:

15 Well, the whole point is that we're  
16 trying to process, put in a paperwork trail to make it  
17 easier to prosecute the people. And if 90 percent of  
18 the industry follows through and 10 percent doesn't,  
19 it's irrelevant because the thieves are going to go to  
20 the 10 percent who don't. They're smart people.  
21 Well, theoretically, they'll figure that out and I did  
22 want to ask you another question. Your products are,  
23 in essence, see if I'm using the right terminology,  
24 they're market driven prices; right?

25 MR. R. ALLAN:

01 Correct.

02 REPRESENTATIVE BOYD:

03 So if somebody is a bad operator, and  
04 they are operating receiving materials and paying less  
05 than market value, does that have an effect on your  
06 industry? Is it possible for a scrap dealer to  
07 actually be paying less than market rate knowing that  
08 the product may be hot?

09 MR. R. ALLAN:

10 If somebody were paying less than market  
11 rate, I would hardly believe they would be receiving  
12 very much material.

13 REPRESENTATIVE BOYD:

14 But if I'm a thief and I'm know I'm not  
15 going to get tracked, would it not behoove me to sell  
16 it to somebody who is not practicing?

17 MR. R. ALLAN:

18 Well, that's possible, but I'm not aware  
19 of that happening.

20 REPRESENTATIVE BOYD:

21 Well, I'm not necessarily aware of it  
22 either, but is it possible that that type of scenario  
23 could go down?

24 MR. R. ALLAN:

25 I assume it could.

01 REPRESENTATIVE BOYD:

02 And would that not have a negative impact  
03 on market prices within your industry?

04 MR. R. ALLAN:

05 I'm not sure I understand. Market prices  
06 are driven by the price that you expect to sell the  
07 metals for. What somebody down the street is paying  
08 for the metal has no bearing on it.

09 REPRESENTATIVE BOYD:

10 The point I'm trying to get to is, you're  
11 buying and selling. You're buying aluminum at 50  
12 cents a pound and you're selling it for 52 cents a  
13 pound and your margin is two cents a pound. If I am a  
14 thief and I'm stealing the property and I know I can  
15 sell it to somebody for 35 cents a pound, a dealer is  
16 buying it for 35, and he's selling it for 52. Doesn't  
17 that put the honest dealer at a competitive  
18 disadvantage?

19 MR. R. ALLAN:

20 I suppose it could from time to time,  
21 depending on the material and the pricing and things  
22 like that.

23 REPRESENTATIVE BOYD:

24 So potentially, theoretically, this  
25 legislation --- if there could be some agreement

01 between the industry of what types of things are  
02 reasonable to acquire could actually maybe help the  
03 industry.

04 MR. R. ALLAN:

05 Well, let me say those type of  
06 transactions are probably going to be few and far  
07 between.

08 REPRESENTATIVE BOYD:

09 Well, I understand your thought process  
10 there, but we see nothing but this escalating. And  
11 yeah, there were catalytic converters stolen. There  
12 was an operation where the word got out and it went  
13 away. But there will be another bubble of illegal  
14 activity show up and it will continue to go. My  
15 feeling is that if we have something in statute that  
16 says to thieves you're on record, your picture will be  
17 taken through a photo I.D., your license number is  
18 going to be recorded, I think it's going to have a  
19 deterrent effect. Would you agree?

20 MR. R. ALLAN:

21 As a responsibility for the industry, I  
22 track the statewide a lot lately. Our industry tracks  
23 this nationally, and frankly, we're seeing, since a  
24 lot of this has been put in place, members are being  
25 warned about it even more, so many more proposed

01 regulations or legislation coming up. We are actually  
02 seeing a reduction in theft both here in Pennsylvania  
03 and nationally. So what I'm saying is because of the  
04 cooperation, and people being caught quicker because  
05 of the cooperation between --- whether they're  
06 industry members or non industry members, there isn't  
07 a day that there isn't something put in the paper  
08 people are more aware of it today.

09 REPRESENTATIVE BOYD:

10 Thank you, Mr. Allan.

11 CHAIRMAN:

12 Thank you, Representative Boyd. Before I  
13 open it up for more questions, I want it recognized  
14 that we've been joined by Representative Brennan and  
15 Representative Siptroth, and that Representative  
16 Pashinski has some questions.

17 REPRESENTATIVE PASHINSKI:

18 I want to stay with the same line that  
19 Representative Boyd was on. First of all, for the  
20 record, there are a lot of reputable scrap dealers  
21 that are conducting the kinds of things that we're  
22 talking about here. They're doing so on a regular  
23 basis. By making it statute, it doesn't change  
24 anything with respect to the way they do business.  
25 Would that be a fair assumption?

01 MR. R. ALLAN:

02 Depending on the facility.

03 REPRESENTATIVE PASHINSKI:

04 Okay. Do you agree that there is a  
05 problem?

06 MR. R. ALLAN:

07 Absolutely.

08 REPRESENTATIVE PASHINSKI:

09 Do you also agree that it appears to be  
10 escalating, contrary to just what you said, because of  
11 the pressure that either this regulation or other  
12 statutes that were proposed has caused?

13 MR. R. ALLAN:

14 If you asked that of me a few months ago,  
15 I would say yes.

16 REPRESENTATIVE PASHINSKI:

17 Our whole purpose is to try to  
18 determine --- we believe that if we have the right  
19 kind of regulations in place and the scrap dealers  
20 abide by those, it won't be worth it for these  
21 criminals to do what they're doing. To resort to the  
22 fact that they're having to go to a sacred area and  
23 take things because it's easy has to stop. To imagine  
24 that they're going to take the copper drainpipes from  
25 the church, cut it out and take it to a scrap dealer

01 and get a couple quick bucks. That's disgusting.

02 To be able to look for an uninhabited  
03 household or a business and know that they can go in  
04 there and rip that stuff out, go somewhere and get a  
05 couple bucks or a lot of bucks, that's the kind of  
06 stuff we're trying to prevent. The last thing we want  
07 to do is tamper with your business. Keep that in  
08 mind. Don't you think there comes a time that some of  
09 these other businesses may have to elevate their  
10 standards in order to deal with progress and the  
11 conditions at hand? It's difficult for me to  
12 understand why garnering a name and address, a phone  
13 number, proper I.D., a license plate, wouldn't be  
14 standard procedure, especially when we have this  
15 problem.

16 And when we consider the fact that we  
17 have offered an identifiable number, so if you are a  
18 regular dealer or if you're a regular seller, you  
19 would give them that information one time and now you  
20 have an identifiable number. So the 30 times you come  
21 after that, it's just an identifiable number, which is  
22 time efficient.

23 MR. R. ALLAN:

24 But that may not be possible with some  
25 companies who may not be electronically capable of



01 doing that.

02 REPRESENTATIVE PASHINSKI:

03 But you're touting your own electronic  
04 advances.

05 MR. R. ALLAN:

06 As an option, we recommend to our members  
07 several kinds of options of how to deal with that and  
08 it depends on their capabilities.

09 REPRESENTATIVE PASHINSKI:

10 But the internet and a computer is not a  
11 costly item today.

12 MR. R. ALLAN:

13 I don't disagree with that, but I can  
14 tell you that I actually have a few members here in  
15 Pennsylvania that I still have to fax information to.  
16 They do not have a computer. They do not have e-mail.  
17 And going back to your other examples of the  
18 downspouts and some of the other materials, even if  
19 you have all those records, I cannot imagine that you  
20 or I could come into a facility and go through  
21 hundreds of receipts with all the information you are  
22 proposing to find that material.

23 REPRESENTATIVE PASHINSKI:

24 I think there's a pattern. And I think,  
25 seriously, we're dealing with a lot of these issues.

01 We're trying to help law enforcement catch the bad  
02 guy. That's really what it comes down to.

03 MR. R. ALLAN:

04 And we agree.

05 REPRESENTATIVE PASHINSKI:

06 And trying to let people live their lives  
07 without fear of someone breaking into their house and  
08 ripping them off, so we're trying to find that  
09 balance. Let me ask you a couple more questions.  
10 When you stated the materials are cut up, we discussed  
11 this before, would we have to put something in a  
12 statute form that would require that the materials be  
13 in the original form?

14 MR. R. ALLAN:

15 If there are in the original form, it's a  
16 lot easier to identify.

17 REPRESENTATIVE PASHINSKI:

18 Okay. So that's a possible  
19 consideration. The turnover --- we originally had a  
20 meeting that the five days were moved down to three  
21 days. Three days, in your operations that you've  
22 seen, would be a reasonable time frame to hold in case  
23 there was a question of ---?

24 MR. R. ALLAN:

25 Again, it depends when the material ---

01 if, say we're talking just on a particular type of  
02 copper. A lot of times you're under contract and if  
03 you don't fulfill the contract, the prices are going  
04 up or down depending on your contract. Sometimes  
05 material will come in and have to go right out that  
06 day.

07 REPRESENTATIVE PASHINSKI:

08 But you don't know what material you're  
09 going to get.

10 MR. R. ALLAN:

11 But when you sell and you have a certain  
12 amount, a contract for a certain amount, that day, if  
13 you do keep pretty good records, and especially if  
14 you're computerized, you're going to know you're going  
15 to have enough material to be shipped out. Or the  
16 material is all ready except for the last amount that  
17 you need to ship out. So you may want to ship out  
18 that material, especially if it doesn't have to be  
19 further processed, cut up, separated, compacted, put  
20 into boxes or drums, things like that, it could  
21 possibly go out that same day. And I can give you  
22 personal experience of doing it myself.

23 REPRESENTATIVE PASHINSKI:

24 You've also indicated that because of  
25 mechanics, the deposits on the kegs would increase.

01 There's less of a problem with that; right?

02 MR. R. ALLAN:

03 From what I've been told, and we've even  
04 talked to people like Yuengling about this, and I  
05 think Yuengling was the first probably to come up with  
06 the best idea yet, is raise the deposit up above the  
07 price of scrap.

08 REPRESENTATIVE PASHINSKI:

09 Well, any time you can do that without  
10 having passed a law, that's great. Let me ask you  
11 this one final question. It's communication between  
12 law enforcement and dealers. What's your  
13 recommendation of how you would improve that?

14 MR. R. ALLAN:

15 Well, I think there has to be a regular  
16 scheduled meeting with different levels of law  
17 enforcement, in fact, from the very beginning to at  
18 least to make everyone aware we have these  
19 notification tools and processes in place. As soon as  
20 I would be called and told of something being stolen  
21 in an area that can be identified, it would go out  
22 that day to over 100 companies.

23 REPRESENTATIVE PASHINSKI:

24 But only to those guys that have the  
25 computers. So the other guys that don't have

01 them ---.

02 MR. R. ALLAN:

03 Well, that's as far as I've gotten  
04 myself. I have not been asked to go beyond that. We  
05 are prepared to go beyond that. We can take and put  
06 into our system anybody and as many contact names,  
07 numbers, whatever you would want, to contact. I know  
08 our national office does, within Pennsylvania as an  
09 example of something, as you have an example in your  
10 handout that was in Ohio. Well, they notified  
11 everybody who they had on a list who wanted to be  
12 notified, even outside our registry members, in Ohio  
13 and every state around. I can't tell you how ---  
14 thousands. I can easily do that.

15 REPRESENTATIVE PASHINSKI:

16 The most important thing is that there's  
17 going to be total communication with law enforcement.

18 MR. R. ALLAN:

19 We would appreciate that.

20 REPRESENTATIVE PASHINSKI:

21 Thank you.

22 CHAIRMAN:

23 Thank you, Representative Pashinski. I  
24 have a couple questions. You said you've been through  
25 generations, but what we're seeing is that it's a

01 problem. I see your industry is trying to self police  
02 itself. My question to you is, is there any  
03 businesses in the state that do not belong to your  
04 organization?

05 MR. R. ALLAN:

06 There are various size companies that  
07 deal with all types of materials, whether it be  
08 metals, paper, whatever.

09 CHAIRMAN:

10 When you say as an organization you send  
11 out information, I'm assuming just to your members;  
12 correct?

13 MR. R. ALLAN:

14 To not just our members, to anybody who  
15 asks to be included in that notification system.

16 CHAIRMAN:

17 But I'm sure there are businesses out  
18 there that are not asked or do not participate in  
19 this. And one thing that I've seen, being a third  
20 generation small business owner myself, is the fact  
21 that there are small businesses that sometimes do not  
22 practice the best practices and can hurt the honest  
23 businessman. And so I'm sure that, you know, you get  
24 the complaints from your members as well that this is  
25 taking place. And I think what Representative

01 Pashinski and Representative Boyd are trying to do is  
02 to solve a long-term problem. I understand that some  
03 of these provisions may not be the best provisions  
04 according to ISRI, but there's got to be something  
05 that you guys can say, yes, this will help stop these  
06 criminals. Whether it's just getting the photo  
07 identification or the driver's license information,  
08 would you be opposed to that?

09 MR. R. ALLAN:

10 For getting an I.D.?

11 REPRESENTATIVE WANCASZ:

12 Yes.

13 MR. R. ALLAN:

14 As our recommended practices suggest that  
15 be a tool that we use.

16 REPRESENTATIVE WANCASZ:

17 So we make sure that everybody, every  
18 organization no matter what, if somebody comes in and  
19 they come in with \$100 worth of maybe grave markers,  
20 that they would have to be able to have photo  
21 identification so law enforcement can then reach out  
22 and say did anybody come in with such and such? Can  
23 we see their I.D. and just take a look at it?

24 MR. R. ALLAN:

25 I think it would be simpler writing down

01 the number instead of trying to get a photo I.D.  
02 because not always --- it's not always accessible to  
03 get to a copying machine depending on the layout of  
04 the facility.

05 REPRESENTATIVE WANCASZ:

06 Thank you. I don't believe I have  
07 anything further. Dave has some questions for you.

08 MR. CALLEN:

09 Good morning, Rich.

10 MR. R. ALLAN:

11 Good morning.

12 MR. CALLEN:

13 Thank you for coming. I find your  
14 testimony useful and I understand you have time limits  
15 in moving the materials and so forth. But on the  
16 other hand, though, I think it's pretty clear to me  
17 that the bill that Representative Pashinski is going  
18 to offer does not really require holding any of that  
19 material, other than specific material that's been  
20 specifically requested by law enforcement.

21 MR. R. ALLAN:

22 Well, I was responding to that particular  
23 example that he was giving. What you're referring to  
24 is --- you're correct.

25 MR. CALLEN:



01                   Yes, in terms of what the bill will  
02                   require.

03                   MR. R. ALLAN:

04                   But the bill is still very vague in that  
05                   how would the --- say if it was a manufacturer who  
06                   called and said I have something stolen or if it was  
07                   law enforcement ---.

08                   MR. CALLEN:

09                   Well, it's not the ---.

10                   MR. R. ALLAN:

11                   Well, how are they going to identify the  
12                   material? That's got to be important. You're going  
13                   to have to have something very specific just to allow  
14                   one of our members, somebody, a scrap processor, to be  
15                   able to identify it to be held because the bill, as it  
16                   reads now, it's very vague.

17                   MR. CALLEN:

18                   Okay. So we need to clean that up. The  
19                   additional thing I'm looking in vain for, because we  
20                   had this debate about some operators not being able to  
21                   afford more sophisticated electronics. I don't see  
22                   anything in here that says you need to have electronic  
23                   reporting equipment. There's nothing in the bill that  
24                   says that. As you say, you could just go out and  
25                   write down a license number.

01 MR. R. ALLAN:

02 Well, I was referring to the computerized  
03 system to be able to bring up someone's I.D. number  
04 every time that person came in.

05 MR. CALLEN:

06 But we don't really need that. I mean,  
07 we can go back 20, 30, 40 years when you didn't have  
08 the computer and that's what was done. You registered  
09 the I.D. number, you paid your taxes, put down your  
10 name. That's not a concern. If they don't have the  
11 wherewithal to have the electronics, they do it by  
12 hand.

13 MR. R. ALLAN:

14 Well, the person actually writing out the  
15 receipt after weighing the material may not have that  
16 I.D. number.

17 MR. CALLEN:

18 When we go to your facility --- I've gone  
19 to your facility how many times?

20 MR. R. ALLAN:

21 Many, many times.

22 MR. CALLEN:

23 Many times. You go in, you wait in line,  
24 you get on the scale, you have your pilot house --- or  
25 whatever you want to call it, your pilot house would

01       communicate to us. You would weigh the vehicle, tell  
02       them what stuff you had to drop off, you go, you drop  
03       it off, you come back, they weigh the material, you  
04       get out of your truck, you go into your pilot room,  
05       the pilot room says you have 100 pounds of yadda-yadda  
06       and this is what you get paid for it. Am I right?

07                 MR. R. ALLAN:

08                 Correct.

09                 MR. CALLEN:

10                 So the process now is going to be, I need  
11       your name, your address, your phone number, you walk  
12       outside, you take a license plate number.

13                 MR. R. ALLAN:

14                 That's not always possible.

15                 MR. CALLEN:

16                 You mean these guys don't have legs or  
17       what?

18                 MR. R. ALLAN:

19                 No, it's just not ---. Well, I can give  
20       you two examples of sometimes why that's not possible.  
21       It could have been dropped off with boxes and bags of  
22       material and the truck was on its way ---.

23                 MR. CALLEN:

24                 Then don't accept it. Then don't accept  
25       it.

01 MR. R. ALLAN:

02 Well, they're still there doing business,  
03 in the facility, outside, taking other material to  
04 other places or spots. In the meantime, you have 30  
05 or 40 more people coming in. You're not going to stop  
06 everything at that point and tell a man stand here and  
07 wait until that truck comes back before we take your  
08 material away and give you a receipt. This is why I  
09 am recommending that we take you through a facility  
10 that you can actually see how this is done. And that  
11 you would see that this is done so many different  
12 ways, but again, as you said, you get the description,  
13 it's weighed, you get a receipt to be taken into the  
14 other building to be paid. Neither the customer or  
15 the person weighing the material may not have that  
16 I.D. number. Where would they get the I.D. number  
17 from if he doesn't have a computer there?

18 REPRESENTATIVE PASHINSKI:

19 But these are not difficult things to  
20 work out. These are not. This is just a logistics  
21 thing.

22 MR. CALLEN:

23 I'm missing something here about the I.D.  
24 number. I'm just thinking about --- this is referring  
25 to an I.D. for the transaction not for the individual?

01 REPRESENTATIVE PASHINSKI:

02 Well, no. Because almost all the time  
03 and I've never seen that it's not there, on every  
04 receipt there's a number on the bottom, a pre-printed  
05 number.

06 MR. CALLEN:

07 On the receipt?

08 MR. R. ALLAN:

09 Yes, on the receipt.

10 MR. CALLEN:

11 But it doesn't relate to that individual.

12 MR. R. ALLAN:

13 No.

14 MR. CALLEN:

15 It relates to the transaction?

16 MR. R. ALLAN:

17 The transaction; correct.

18 MR. CALLEN:

19 Okay. So when you come back three days  
20 later, you're not going to get the same number?

21 MR. R. ALLAN:

22 No, but you're talking about an I.D.  
23 number assigned to every person who comes in.

24 MR. CALLEN:

25 And that's my point. If I'm a guy that

01 does business, fine. An I.D. number is one more thing  
02 to be doing. So now, you're A1, I'm A2. I come there  
03 once a year, you come there 50 times a year. You come  
04 there 50 times a year, you don't have to take all that  
05 information any more. It's just, he's A2 and here's  
06 the information that he had and here's the product  
07 that you're settling.

08 MR. R. ALLAN:

09 But that information is not easily  
10 accessible.

11 REPRESENTATIVE PASHINSKI:

12 This is where you're losing me. I'm  
13 trying to, I understand your situation, what's going  
14 on. I think this is something that we could try to  
15 work out a little further on after this today.

16 CHAIRMAN:

17 We are running about 20 minutes behind  
18 schedule and I know that Representative Brennan has a  
19 question for you.

20 REPRESENTATIVE BRENNAN:

21 One quick question, and you can be honest  
22 with me. What was Representative Pashinski recycling,  
23 old instruments?

24 MR. R. ALLAN:

25 You know what? They were the instruments

01 he used when he was back teaching school.

02 CHAIRMAN:

03 Mr. Allan, thank you for your testimony.

04 We are running about 20 minutes behind schedule. One  
05 quick minor change in the schedule. We're going to  
06 allow John Allen, owner of the local scrap metal  
07 facility to say a few remarks.

08 MR. J. ALLAN:

09 I have so much that I want to say to your  
10 remarks and I would love to answer questions that  
11 you'll get from the horse's mouth. I am third  
12 generation. Our company has been in business 52  
13 years. There's nobody you can get a better answer  
14 from than me. I think in a nutshell your whole issue  
15 is naïve. I mean that sincerely. I understand what  
16 you want to do. What you're missing is exactly what  
17 Rick Allan said, you need to spend time in several  
18 kinds of different facilities to see what you're  
19 trying to do.

20 I don't think that anyone has come to my  
21 facility to see for a lengthy period of time --- yes,  
22 Representative Pashinski, I have seen him as my  
23 customer, but with that aside, I could pick apart your  
24 bill if you had the time to give me. Only from the  
25 points that I wrote down that you're asking us to do.

01 If you'd like me to give you one quick note on each  
02 one, I'd be happy to.

03 REPRESENTATIVE PASHINSKI:

04 If you could provide it quickly.

05 MR. J. ALLEN:

06 Quickly. I definitely will. The whole  
07 scenario of the I.D., the whole scenario of the  
08 identification of every single customer, if I am  
09 allowed to give you an example, if any of you ever  
10 seen a commercial on television for VISA credit card  
11 when all the people are moving a nice, smooth motion  
12 and that one person starts handing cash and the whole  
13 thing falls apart, that is what you will do. Our  
14 operation runs very smoothly. I'm very proud of the  
15 way our operation runs. Every single day I have a  
16 customer that tells me how much of a pleasure it is to  
17 bring their material to my operation because of how  
18 quickly they come in, how quickly they come out.  
19 Everybody gets taken care of smoothly, quickly,  
20 everybody is happy. You will block that from  
21 happening.

22 As Rick Allan also said, there are times  
23 when there's a line out our gate. We try to move  
24 those people fast enough, because as we all know, we  
25 don't like to wait for anything. I always tell



01 customers do you wait in the supermarket line without  
02 complaining? You have to do the same thing here. You  
03 will create an enormous amount of backlog with this.  
04 I think everybody writes down their name, of a  
05 customer and their address. Maybe they don't write  
06 down the street number, but they write down the city.  
07 I know we do. We don't give a customer any money  
08 without a receipt.

09           Now, if you were to ask that customer  
10 every single time --- and I know you're harping on  
11 this I.D. This I.D. is impossible, totally  
12 impossible. You can't imagine the thousands of  
13 different customers, thousands --- we get over a 1,000  
14 a week. How do you propose --- Representative  
15 Pashinski, how do you propose the I.D., how do you  
16 propose attaching it to that customer? Let's use  
17 Representative Pashinski as an example. Say he's a  
18 big-time customer who comes in all the time. So you  
19 attach number I.D. number one to Representative  
20 Pashinski. How do you propose I find you the next  
21 time you come in? I have to do go to a computer and  
22 say who's number one and how do I generate that  
23 receipt? How do I get to that to the final stage to  
24 pay that customer? This is a nightmare. Totally.

25           Now, the way we do it, he touched on

01 briefly. Customer comes in, we get the weight of  
02 their material, we write them a receipt, we put their  
03 name and address on it. They take their receipt, we  
04 file our receipt, the transaction is done. Now, if  
05 it's a thief, if it's stolen material, how do you  
06 expect any recycler, whether their the legitimate, the  
07 not legitimate, the ones who care, the ones who don't  
08 care. How do you expect them to identify these  
09 things?

10 I'll give you a little example. Sitting  
11 on your counter here, say that Styrofoam cup had value  
12 some day. Let's say today's Styrofoam is \$1,000 a  
13 pound. That comes into my business. How am I going  
14 to know where that came from, literally? Is there  
15 something on it that says that's from so-and-so's  
16 company. How do you identify that?

17 You are asking to do all these things,  
18 but you're not explaining how do we do these and still  
19 run a smooth company, a smooth operation?

20 CHAIRMAN:

21 Mr. Allan, let's take your Styrofoam cup.  
22 Let's say you come in, Jim Wansacz walks in with 1,000  
23 pounds of Styrofoam cups. You get a photocopy of my  
24 driver's license. Let's say you photocopy my driver's  
25 license. You write down ---.

01 MR. J. ALLAN:

02 Let me ask you how? A lot of what I'm  
03 trying to tell you is the how. How I do that in the  
04 process?

05 CHAIRMAN:

06 You're coming through this process,  
07 coming in. Okay. What did you have because you have  
08 to pay them? So you know that I brought in 1,000  
09 pounds of Styrofoam cups. Mr. Wansacz, can I have  
10 your I.D.? Thank you. Here's your photocopy, here's  
11 the ---.

12 MR. J. ALLAN:

13 Where do I take his I.D. to photocopy it?

14 CHAIRMAN:

15 You don't have a copy machine?

16 MR. J. ALLAN:

17 Yes, but where --- see now, there's where  
18 your naiveness of what we all do ---.

19 CHAIRMAN:

20 Your office does not have a photocopy  
21 machine?

22 MR. J. ALLAN:

23 Well, no. No. What you don't understand  
24 is if you could visit the average, let's just say the  
25 average facility, not a sophisticated one or a highly

01 sophisticated one, the average. The photocopy machine  
02 is literally right in an office. The material doesn't  
03 go anywhere near that office sometimes or most of the  
04 time until the very end of that transaction. But  
05 remember what I'm trying to ---.

06 CHAIRMAN:

07 Again, you still have to know at the end  
08 to pay this person what they have.

09 MR. J. ALLAN:

10 Yes. Yes, you do.

11 CHAIRMAN:

12 So at the very end, when you go to pay  
13 this person, thank you, just like your checking out in  
14 a supermarket, here it is, thank you, Mr. Wansacz.  
15 You came in. Here's your thing. You had a 1,000  
16 pounds; correct?

17 MR. J. ALLAN:

18 Yes.

19 REPRESENTATIVE PASHINSKI:

20 Photo I.D. Here's the thing. Here's  
21 your pay. You wrote down a 1,000 pounds of things,  
22 move on. Is that going to stop up the process that  
23 much?

24 MR. J. ALLAN:

25 Enormously. I tried to explain to you.

01 If you have hundreds of customers a day, they're lined  
02 up.

03 CHAIRMAN:

04 You're talking maybe 30 seconds to 40  
05 seconds.

06 MR. J. ALLAN:

07 No it's just extremely ---.

08 CHAIRMAN:

09 You already have the information. All  
10 you're doing is asking for a photocopy.

11 MR. J. ALLAN:

12 Every time?

13 CHAIRMAN:

14 Yes.

15 MR. J. ALLAN:

16 It would extremely slow things done,  
17 enormously. Enormously. I'm just asking you, before  
18 you go further with all this real nice stuff that  
19 you'd like to have done, you really need to get out  
20 there. And you really need to spend time. And any of  
21 your districts, just go to your local place. Ask them  
22 if they would show you around for 15 or 20 minutes.  
23 If they're a decent size operation, you'll really get  
24 an idea. But you're all sitting here talking about it  
25 and you have no idea. You literally have no idea.

01 I'm just trying to explain this to you. My facility  
02 is wide open for anybody sitting here who would like  
03 to spend hours. I would give you my all day, any day  
04 of the week.

05 CHAIRMAN:

06 Mr. Allan, I appreciate your coming and  
07 breaking this down. I'm going to see if any members  
08 have any questions for Mr. Allen.

09 REPRESENTATIVE SIPTROTH:

10 Just one. Thank you very much. Mr.  
11 Allan, I think the intent of this entire bill is  
12 awareness identification. If you come across a  
13 particular product that may be suspicious to you, what  
14 action do you take?

15 MR. J. ALLAN:

16 We train our employees. I do not want to  
17 say that we profile in any way, shape or form. Let me  
18 make that clear, but there are lots of red flags. On  
19 a physical nature, if I do not need to say more,  
20 that's number one. Number two, any, quote, brand new  
21 product, you know what I mean by brand new, is another  
22 red flag. That is okay for certain types of metal  
23 because, let's take copper, for example, which is  
24 everybody's buzz right now because it's hot. Look at  
25 the copper tubing in your house that's been there,

01 say, 20 years. If you didn't have a water issue,  
02 leaking anywhere, and you cut sections of that out,  
03 would it still look brand new under the sink? Well,  
04 of course, it does. Yes.

05 REPRESENTATIVE SIPTROTH:

06 No, it isn't, not under the sink. I  
07 mean, there's an ---.

08 MR. J. ALLAN:

09 That's what I'm trying to say, is that  
10 there are certain places ---. You take copper, why is  
11 it there? Because it lasts a long time. How about  
12 stainless steel? Stainless steel is 20 years old and  
13 as shiny as it was when you put it in place. So that  
14 you can't say, okay, that looks new. So I'm just  
15 saying is --- for example, there are certain things  
16 you can put a flag on. There are certain things you  
17 just can't. But those are certain flags you can train  
18 your employees and we do. And if that comes in, right  
19 away we'll ask them for their entire life history,  
20 literally. We will make copies of copies of copies.

21 Our company has cooperated with all the  
22 township police for many years, and I can honestly  
23 tell you we keep very good records. But that's that.  
24 We will police our operation because we don't want to  
25 receive stolen merchandise. We don't want a bad name.

01 We also do not want other people telling other people  
02 that that's what we do.

03 Now, I'll just give you one more real  
04 quick example that I think the Assistant District  
05 Attorney had mentioned. That's the grave markers, for  
06 example. I don't think --- other than the part that  
07 has the name on it, that that's removing. He was  
08 talking about the brass rods, for example. How would  
09 you expect me to know what that is? I don't know. I  
10 mean, it's a round rod. How would you expect me to  
11 know that was from a cemetery?

12 These are the things I'm just giving you.  
13 I could give you 1,000 examples. But if you were to  
14 go to a facility, any facility really, and if they  
15 segregate their materials in just a general fashion,  
16 we could show you hundreds of examples of things that  
17 are bought in that you probably have no idea whether  
18 it is recyclable. And you would look at that and you  
19 could say, I could see their point. How would they  
20 identify that? How would you identify a dozen  
21 automobile wheels? They all look alike. How would  
22 you know that they were stolen from Joe's Auto Shop?  
23 I mean, how? Again, I keep going back to that word  
24 how?

25 A lot of what you want is nice. A lot of



01 what you want is good intent. To attach that word how  
02 to do all this and most of it, not all of it, most of  
03 it, and most is a lot here, is impossible.

04 REPRESENTATIVE SIPTROTH:

05 Just to follow-up. If you suspect, do  
06 you notify the law enforcement agency then?

07 MR. ALLEN:

08 No, because I will not accuse anybody of  
09 anything without some kind of evidence. What I will  
10 do is take the license plate number, but then I will  
11 make a point to take the license plate number.  
12 Meaning, literally, go out to the person's car, write  
13 it down, write down the make and model of their car,  
14 make the photocopy of their driver's license. I will  
15 do all that with the intent that I think it is stolen  
16 material. I can't go up to you, sir, and say you  
17 stole this.

18 REPRESENTATIVE SIPTROTH:

19 I'm not asking you to do that.

20 MR. J. ALLAN:

21 No, but that's what I'm getting at.

22 REPRESENTATIVE SIPTROTH:

23 I'm not asking you to approach ---.

24 MR. J. ALLAN:

25 Only what are flag system, we'll call it,

01 with our red flag system we do more than what you ask  
02 for and have it ready. We have it filed and if it  
03 happens, I might be able to help, but nine out of ten  
04 times, gentlemen, what Rick Allan said is true. These  
05 things don't come to our light and our attention for  
06 weeks after the occurrence. And like Rick Allan said,  
07 in a facility like mine, if you came up to watch what  
08 comes in today is not there tomorrow as far as in the  
09 shapes and look, of what it looked it when it came in  
10 yesterday. And there's many reasons for that. Not  
11 only with contractors or reasons like he mentioned,  
12 but in my business, in my company, my biggest problem  
13 is room. My biggest problem is space. I can't let  
14 something sit on the floor until the end of the day.  
15 It has to be processed.

16 CHAIRMAN:

17 Mr. Allan, thank you again. We have a  
18 time conflict.

19 MR. J. ALLAN:

20 Thank you for listening.

21 CHAIRMAN:

22 What I can tell you is that I'm sure our  
23 committee representatives will go down and talk and  
24 see what we can do to try to work out something of a  
25 compromise for ways --- so we can address the issues

01 that are at hand.

02 MR. J. ALLAN:

03 Thank you very much.

04 CHAIRMAN:

05 I'd like to call Barry Volkel, Senior  
06 Security Consultant for the PPL Services Corporation.

07 MR. VOLKEL:

08 Good afternoon. My name is Barry Volkel.

09 I am the Senior Regional Security Consultant for PPL  
10 Corporation. PPL Corporation is a Pennsylvania-based  
11 company with headquarters in Allentown. Through its  
12 subsidiaries, PPL delivers electricity to about four  
13 million customers in Pennsylvania and the United  
14 Kingdom and generates and sells electricity in  
15 Pennsylvania and other areas of the United States.

16 PPL Electric Utilities, one of the  
17 company's subsidiaries, delivers electricity to 1.4  
18 million customers in Pennsylvania, primarily in the  
19 eastern and central parts of the state. We have  
20 consistently ranked among the best companies for  
21 customer service in the United States, and we take our  
22 commitment to safety in all of our operations very  
23 seriously.

24 Today's hearing addresses a nationwide  
25 problem of particular importance to PPL, the effects

01 of metal theft on public safety, on company finances  
02 and on electric reliability.

03 Over the past five years, PPL Electric  
04 Utilities has had an increasing number of reported  
05 incidents involving the theft of wire from our company  
06 facilities and electrical equipment in areas of  
07 Pennsylvania that we serve. During that period, there  
08 have been a total of about 50 incidents.

09 The financial loss to PPL Electric  
10 Utilities and its customers from those incidents  
11 totals more than \$118,000. These theft cases have a  
12 direct effect on customers because the cost of the  
13 wire is part of the electric bill they get every  
14 month. Unfortunately, the damage is much more than  
15 monetary or possibly having the lights go out in  
16 someone's home. The damage can be fatal.

17 Unfortunately, one of those incidents I  
18 just mentioned resulted in a tragic death when an  
19 individual attempted to steal metal from an energized  
20 line last fall near Minersville in Schuylkill County.  
21 Because of the rising prices of copper, the thieves  
22 have added electrical equipment to their list of  
23 traditional targets such as construction sites, homes,  
24 and scrap yards. Thieves are becoming more brazen in  
25 their attempts to steal the valuable metal. In doing

01 so, they place themselves in grave danger. According  
02 to our records, metal wire and cable have been stolen  
03 from work sites, utility trucks and even from inside a  
04 substation. In some cases wooden poles were cut and  
05 de-energized lines were stripped of their copper wire.

06 Reckless thefts of copper wire and other  
07 metal from our facilities put all of us risk. The  
08 general public, PPL customers and employees and of  
09 course, the thieves themselves. Targeting electrical  
10 equipment is a potentially deadly practice and we  
11 support your efforts here in Harrisburg to enact  
12 legislation aimed at preventing these thefts and the  
13 risks associated with those thefts. In addition to  
14 the inherent safety hazards created by the theft of  
15 copper wire, PPL Electric Utilities is also concerned  
16 about the reliability issues for its customers.

17 Theft of wire from our lines and  
18 electrical equipment can result in the loss of power  
19 to customers because of the time and manpower it takes  
20 to replace the power lines and restore service. In  
21 addition to our support of House Bill 1742, some of  
22 the steps PPL has taken to enhance security at its  
23 facilities and help deter these thefts include asking  
24 local law enforcement to increase patrols, holding  
25 meetings with our Distribution Operations staff to

01 heighten awareness of copper wire theft and working  
02 with other utilizes through the Edison Electric  
03 Institute.

04 We also appreciate the assistance from  
05 our customer when the report suspicious activity  
06 around our electrical equipment.

07 In closing, I want to thank  
08 Representative Wansacz and the members of the House  
09 Congress Committee for convening this hearing and  
10 inviting me to be here today. On behalf of PPL, its  
11 employees and its customers, thank you for your  
12 efforts to curb the theft of copper wire and help  
13 people stay safe.

14 CHAIRMAN:

15 Thank you, Mr. Volkel. Representative  
16 Siptroth?

17 REPRESENTATIVE SIPTROTH:

18 Thank you, Mr. Chairman. Mr. Volkel, a  
19 piece of wire is a piece of wire and there's no  
20 identification marks on this indicating that it may  
21 belong to PPL.

22 MR. VOLKEL:

23 That's correct.

24 REPRESENTATIVE SIPTROTH:

25 And how would you enhance the tracking of

01 a piece of wire like this, that it was purchased by  
02 PPL?

03 MR. VOLKEL:

04 That's a two gauge wire as Rick has said,  
05 that ---.

06 REPRESENTATIVE SIPTROTH:

07 Don't a number of electrical companies as  
08 well as private contractors use this particular wire?

09 MR. VOLKEL:

10 Yes, they do.

11 REPRESENTATIVE SIPTROTH:

12 And I wouldn't --- I don't know how it  
13 could be marked for identification. In a court of law  
14 if an individual was observed cutting this out, taking  
15 it to a recycling plant, you know that's one question.  
16 If there were a way to identify it as a piece of  
17 property that belongs to PPL at one time for tracking  
18 purposes. One other thing I'd like to mention, do you  
19 have an education program indicating to your customers  
20 that they should be cautious about tampering with  
21 service lines that come into their homes and around  
22 wires that are on telephone poles?

23 MR. VOLKEL:

24 Yeah, we do tell customers that. We tell  
25 employees that, also.

01 REPRESENTATIVE SIPTROTH:

02 Thank you very much. Would you care to  
03 respond any more on the identification and how you  
04 think that ---?

05 MR. VOLKEL:

06 That particular piece that I presented  
07 here was taken --- there was a pile at the Scranton  
08 Service Center. We had a roll of wire removed from a  
09 building, pushed over a bank into a wooded area and  
10 the thief or thieves cut the fence at the Scranton  
11 Service Center and were removing the wire in those  
12 strands. They had a pile next to the spool. We never  
13 did catch the thieves, but we did put word out with  
14 law enforcement and our intent was that that type of  
15 wire was showing up at scrap yards in that quantity,  
16 that pretzel-shaped quantity, that it could be  
17 identified.

18 REPRESENTATIVE SIPTROTH:

19 Was there any indication from law  
20 enforcement that they ever traced or recovered any of  
21 this particular case?

22 MR. VOLKEL:

23 No, not in that particular case. Other  
24 cases they have.

25 REPRESENTATIVE SIPTROTH:



01 Thank you very much.

02 REPRESENTATIVE PASHINSKI:

03 Let's keep in mind what the intent is  
04 here. We're trying to prevent needless steps all over  
05 the place. You know, all these people that --- by the  
06 way, throughout the county, I think it's in excess of  
07 24 people who have died. And it's not going to happen  
08 so we have to put our heads together.

09 I'm going to make a visit to the Allan's  
10 again and we're going to continue to talk about it.  
11 But if somebody brings in this kind of stuff and the  
12 bill is in place, all of the necessary information  
13 will be taken, whether it's in paper form or  
14 electronic form. You now have a record of the fact  
15 that John Doe brought in X amount of copper in this  
16 form and was paid X amount of dollars. And then John  
17 Doe comes in again with X amount of copper, and you  
18 now have at least a trail, some kind of a --- I'm  
19 going to use the word trail, so that law enforcement  
20 can at least look at that record and say John Doe has  
21 been involved in a couple other nefarious acts and  
22 with a little bit of investigative ability, they're  
23 able to identify the fact that John Doe is indeed  
24 stealing this stuff.

25 Again, that's the intent of this bill.

01 We're trying to give law enforcement an opportunity to  
02 find these folks. The other thing is if the law  
03 becomes publicized, and everyone involved in these  
04 kinds of thefts understands that there will be  
05 penalties, we're hoping that they will stop doing what  
06 they're doing. But this would be an identifiable  
07 thing. Would like be a red flag, Mr. Allan?

08 MR. R. ALLAN:

09 Just as I mentioned, the industry is very  
10 familiar with railroad and utility wire, whether it's  
11 two gauge, four gauge, when something like that comes  
12 in, right away we get all the information or refuse to  
13 buy it.

14 REPRESENTATIVE PASHINSKI:

15 You would refuse to buy it but you  
16 wouldn't take their names and their address?

17 MR. R. ALLAN:

18 I can't speak for everyone. We suggest  
19 to our members to get enough information as possible  
20 from someone even if you think that it is stolen  
21 material so that you could assist law enforcement.

22 REPRESENTATIVE PASHINSKI:

23 And how quickly do you tell law  
24 enforcement when something has been stolen?

25 MR. R. ALLAN:

01                   Immediately.

02                   REPRESENTATIVE PASHINSKI:

03                   Immediately?

04                   MR. R. ALLAN:

05                   Right now, it's immediately.

06                   REPRESENTATIVE PASHINSKI:

07                   Any other questions? Mr. Volkel, thank  
08 you for taking the time to come out and testify.

09                   MR. VOLKEL:

10                   Thank you for your efforts.

11                   CHAIRMAN:

12                   Next on the list is Detective Ron Foy

13 from the Wilkes-Barre City Police Department.

14 Detective thank you for waiting. I apologize for the  
15 delay.

16                   DETECTIVE FOY:

17                   Thank you. On behalf of Chief Dessoie,  
18 I'm here in his place. He apologizes for not being  
19 able to be here. I have a statement that I prepared.  
20 I also have a couple notes from what I've heard  
21 already, whatever you need. Representative Pashinski,  
22 if you're going to be keeping that wire, we're going  
23 to need to talk after this.

24                   My name is Ron Foy. I've been a police  
25 officer for about 20 years. For sale signs, for rent

01 signs, Prudential Realty, ERA, Century 21 Realty,  
02 these signs are invitations for people to commit a  
03 crime which has become one of the major headaches  
04 facing law enforcement and a crime which is reaching  
05 near epidemic proportions through the country.

06           The crime is the theft of copper piping  
07 and tubing from homes and businesses. Theft of copper  
08 pipes is one of the easiest crimes to commit. Force  
09 entry into an unoccupied building. It requires little  
10 or no requirement and no technical knowledge. Rip  
11 pipes out with the brute force with almost no worry of  
12 getting caught and no concern for time. These crimes  
13 are very expensive for the owners of the properties  
14 who are victimized. They must repair the damage  
15 caused by the thieves who commit these crimes. The  
16 cost to repair the pipes and tubing that was ripped  
17 out. Replacing water heater and furnaces that burn up  
18 because water flow to them was suddenly disrupted.  
19 And the cleanup and repair from flooding caused by  
20 running water from the damaged pipes.

21           For law enforcement, these are very  
22 frustrating crimes. It is almost impossible to catch  
23 the thieves in the act, but through other means these  
24 crimes are solvable. The progression of this act into  
25 becoming a law is a major step toward that goal.

01           To solve these crimes, we need to prove  
02           that the pipes and tubing, as well as any other items,  
03           were taken illegally from an address and they were  
04           sold to a scrap or recycling facility and who  
05           possessed and sold these items. Then we can match the  
06           items to the crime and the perpetrator and can make an  
07           arrest.

08           Without the assistance of the scrap  
09           recycling facilities, few, if any, arrests,  
10           convictions, and the accompanying declining number and  
11           frequency of these crimes are possible. In the City  
12           of Wilkes-Barre, since February 2006 through  
13           mid-September of 2007, there have been 90 reported  
14           thefts of copper pipe and tubing from buildings. Of  
15           those 90 incidents, 81 have been from unoccupied  
16           properties. Out of the other nine, the state of their  
17           occupation is varied. Few, if any, were actively  
18           occupied at the time of the theft. Some residents  
19           were hospitalized, some were living with relatives  
20           temporarily or other situations leaving them empty for  
21           extended periods.

22           With these thefts on the rise, well over  
23           a year ago, I personally went to several scrap and  
24           recycling facilities. I discussed the problem with  
25           them. I provided them my contact information, urging

01 them to contact me with any suspicious transactions.  
02 Just a couple weeks after I visited these places, I  
03 was assigned a case in which a person used stolen  
04 checks to purchase copper tubing. He did this three  
05 times in less than a day. After he purchased the  
06 tubing, he went directly to a scrap and recycling  
07 facility that I had visited and provided my  
08 information to.

09 That facility purchased three rolls of  
10 copper tubing, brand new, shiny, still rolled and  
11 banded, no questions asked, no seller information, no  
12 legible signature on the receipt, no call to 9-1-1 or  
13 myself and they did this three times in about a 14  
14 hour period. The employees there assured me that they  
15 always documented identification of the sellers of  
16 such items.

17 Crimes such as these are nothing new.  
18 Over the years, street signs, street light poles, and  
19 government owned aircraft aluminum have been targeted  
20 by thieves but frequency of these crimes and the  
21 related damage to the crime does not compare to  
22 today's numbers. The price of copper is at the bottom  
23 \$2.00 a pound if you can find it with fluctuations  
24 going much higher in the past. This amounts to a  
25 thief's dream. Easy work for fast cash which matches

01 the recent trends in crimes, fast hits, low yield of  
02 return, but minimal risk of getting caught.

03 With this act becoming law, it will allow  
04 law enforcement to act as we do with the precious  
05 metals and jewelry in pawn shops in the Precious  
06 Metals Act.

07 It will also force scrap and recycling  
08 facilities to police themselves. Not only will they  
09 face potential \$2,500 fines and third degree  
10 misdemeanor charges, but the real chance of paying  
11 money for stolen good only to have the merchandise  
12 confiscated by police as evidence. Theoretically,  
13 this will reduce the demand from the criminal element  
14 while enhancing the value of the legitimate recycling  
15 entities.

16 Upon reviewing this act, I humbly suggest  
17 the following changes to the act. Under A, General  
18 Rule Number five, in addition to a signature, make it  
19 a legible signature accompanied by a printed name.  
20 This could be very useful as opposed to trying to  
21 decipher someone's handwriting. Under D, the holding  
22 period, sections one, two, and three, the three day  
23 holding period to be extended for five days. Three  
24 days not allow any investigative time when a  
25 questionable item is discovered. Considering the time

01 needed for information transfer and review, as well as  
02 to allow a more appropriate time to acquire a time  
03 extension from a magistrate to hold such items.

04 Finally, section six, law enforcement.

05 This section reads a scrap processor and recycling  
06 facility operator may disclose seller registration  
07 information to any investigative or law enforcement  
08 officer or any person acting at the discretion or  
09 request of an investigator or law enforcement officer  
10 to investigate suspected criminal activities and who  
11 has secured a subpoena, warrant or court order. I  
12 suggest wording be added to allow the scrap and  
13 recycling facility to furnish seller registration  
14 information to law enforcement voluntarily, possibly  
15 even changing such wording in such a way that these  
16 facilities are required to furnish such information  
17 without subpoena, which can only be issued after an  
18 arrest has been made, which won't happen without the  
19 information or a search warrant which will take a  
20 minimum of four to six hours to a whole day to obtain  
21 or a court order which requires even more time to  
22 complete that process.

23 This act is not a cure-all for these  
24 crimes but it will be a major step in the efforts to  
25 eliminate the crimes and will be greatly appreciated



01 by my fellow law enforcement officers.

02           Of what I've heard today it seems as  
03 though the scrap dealers are looking at this as an  
04 inconvenience to their procedures. They're not taking  
05 into account any inconvenience that it is to the rest  
06 of society and to the victims. I'm pretty sure  
07 everybody here that has experienced it, every time my  
08 wife cleans the kitchen, I have to go through all  
09 sorts of new procedures. As a police officer, we have  
10 to constantly change.

11           Before it was mentioned about changing  
12 the wording to say only items in their original form.  
13 That's likening to saying that if somebody steals a  
14 car and then strips it, well, now it's not a stolen  
15 car any more. That's not going to work and it goes  
16 along with some other things. I think that a big  
17 misconception is that the scrap and recycling  
18 facilities are thinking that the onus is on them to  
19 police this. Their onus is simply to document and  
20 record what's happening, and then the police will have  
21 the avenues to track down. We're not asking them to  
22 figure out if the pipe was stolen.

23           The identification is key because the  
24 thieves, the criminals, they don't want you to know  
25 who they are. If you say, I'm not going to buy this

01 unless you show me I.D., they're not going to sell it.  
02 If everybody followed the same rules, they will have  
03 no outlet to sell it, therefore they have no reason to  
04 steal any more. The people that --- and it already is  
05 happening, they know exactly which scrap facilities to  
06 go to. Not everyone is accepting all items.

07 CHAIRMAN:

08 Excuse me. Detective Foy, I have a  
09 question for you. One of the concerns that we've  
10 heard from Mr. Allan was space. Being able to hold  
11 this for three days or a day or two days, and you're  
12 saying we should hold this five days. Would it be a  
13 point if that section, I'm just asking this, if that  
14 was taken out and at the end time they were able to  
15 provide an I.D. that said, you know, John Doe sold so  
16 much copper wire, purchased so much copper wire.  
17 Here's the driver license. Here it is, take it and  
18 you can go instead of them having to hold the actual  
19 copper wire, and then coming to that facility and  
20 saying who purchased that copper wire, can we take a  
21 look at that without actually seeing that evidence?  
22 Or do you need that evidence for prosecution?

23 DETECTIVE FOY:

24 The evidence is nice. Much of the time  
25 you're not going to get it.

01                   CHAIRMAN:

02                   If you have a paper record of it, is that  
03 still sufficient?

04                   DETECTIVE FOY:

05                   Yeah. What you're going to have is  
06 you're going to have --- and the way that's going to  
07 work, somebody steals copper pipe from a house. Over  
08 90 percent of the time, it's unoccupied so it's going  
09 to be a couple days until it's discovered. Most of  
10 the time we get the report, it goes through the  
11 channels, two days after it's been reported, it's  
12 assigned. Now, we go check on it. It may be a week,  
13 it may be ten days, it may be a month. I've seen  
14 reports where it was six or eight months after it was  
15 committed. The stuff is going to be gone. As it is  
16 now, I have nothing to work with. If I go back,  
17 they're going to have records and say, well, here, you  
18 can go through it, and if I have to go through it,  
19 then that's kind of my job. I have to go through  
20 their records. Is it an inconvenience? Yes, but it's  
21 a job, just like it's an inconvenience but it is their  
22 job to take the information. A lot of time we're not  
23 going to have the evidence, but without the  
24 information we have nothing to follow and it's just a  
25 lost cause.

01 CHAIRMAN:

02 Thank you.

03 REPRESENTATIVE SIPTROTH:

04 Detective Foy, thank you very much for  
05 your testimony. You had indicated that there were 90  
06 suspicious activities in a given time, and I didn't  
07 write that down, I apologize. Of them, 91 (sic) were  
08 unoccupied homes. Were there any arrests relative to  
09 those particular incidents?

10 DETECTIVE FOY:

11 There have been a couple and they were  
12 due to the perpetrators being caught in the act.

13 REPRESENTATIVE SIPTROTH:

14 Were they also prosecuted?

15 DETECTIVE FOY:

16 Oh, yes.

17 REPRESENTATIVE SIPTROTH:

18 I think that's the only question I had.

19 Thank you.

20 CHAIRMAN:

21 Representative Grucela?

22 REPRESENTATIVE GRUCELA:

23 Thank you, Chairman Wansacz. That was  
24 kind of my same question, Detective Foy. Like the  
25 success rate, what --- high, low, medium? Can you put

01 a percent on it? What's the success rate of catching  
02 these thieves?

03 DETECTIVE FOY:

04 In the act?

05 REPRESENTATIVE GRUCELA:

06 Well, as far as prosecution, I mean.

07 DETECTIVE FOY:

08 In the typical --- when it's reported  
09 after, it has happened and when we're not around,  
10 minute.

11 REPRESENTATIVE GRUCELA:

12 Minute? Okay.

13 DETECTIVE FOY:

14 I mean, if we have the evidence, there  
15 are lab tests that can be done to find out if a  
16 certain tool cut the pipe to match pipes up with  
17 what's left, but a lot of times that's not going to  
18 happen. But as of now, we don't even know who to look  
19 for.

20 REPRESENTATIVE GRUCELA:

21 And the only other thing I would say is I  
22 think the second person --- I think the Assistant  
23 District Attorney also testified that the subpoena  
24 process could be a delay in bureaucratic and so maybe  
25 we might want to take a look.

01                   DETECTIVE FOY:

02                   With the subpoena, you cannot get a  
03 subpoena until after you've arrested someone. So in  
04 order to arrest somebody, you need the information but  
05 you can't arrest them without the information, so a  
06 subpoena is useless. A search warrant, minimum, is  
07 going to take four hours. Finding a magistrate,  
08 getting it signed, it could take a day, it could take  
09 two days.

10                   REPRESENTATIVE GRUCELA:

11                   How about reasonable suspicion, probable  
12 cause? Would you still need the warrant?

13                   DETECTIVE FOY:

14                   With cooperation, no. But you're  
15 not ---.

16                   REPRESENTATIVE GRUCELA:

17                   But you're taking a chance. You could  
18 lose it in court.

19                   DETECTIVE FOY:

20                   You could stretch it to say exigent  
21 circumstances, but who's going to hurt by copper pipe  
22 laying in a yard? If they were required to give the  
23 information, then what's it to do to hand over a card  
24 with a number and somebody's name on it?

25                   REPRESENTATIVE GRUCELA:

01 Thank you.

02 CHAIRMAN:

03 Thank you, Representative Grucela. Just  
04 from a prosecution standpoint, and I wish we had the  
05 ADA here to answer this, the issue of holding  
06 materials has been sort of like a point of contention.  
07 And if --- for there to be a hold on something, you're  
08 going to have to know specifically that you're looking  
09 for something specific. If you were to place a hold  
10 on the actual material, go over there and document  
11 that material with the record of the person who  
12 brought it in and then photograph the material, would  
13 that be sufficient for prosecution? Because like you  
14 said, in most cases you don't really need the DNA on  
15 the material.

16 DETECTIVE FOY:

17 First of all, like Representative Wansacz  
18 said, by the time we get there, most of the time it's  
19 going to be gone anyway. Second, we're not talking  
20 about everything they're taking in. If we get there  
21 in time, we might be talking about, most of the time,  
22 what they're going to be carrying in a bag on their  
23 back walking out of the place. Rarely are you going  
24 to get a truckload. You know, it's too easy to track  
25 a truck. If they did bring in a whole pile of stuff,

01 it would be sufficient if it's documented that this  
02 whole pile is there. We took one or two samples that  
03 could be --- a couple pieces that there's marks on it.  
04 That would be fine for the purposes of testing in  
05 prosecution. We're not talking about stopping their  
06 whole business, loading it all up. A lot of it is, if  
07 somebody comes in and you start to itch when they walk  
08 in carrying this stuff, there might be a problem. If  
09 you don't take it, you don't have that problem. And  
10 like I said earlier, if they come in and you say give  
11 me your I.D., the color is going to drain out of their  
12 face. They're going to hope that the door doesn't  
13 lock behind them because they're going to be running  
14 right back out. They don't want anybody to know who  
15 they are. A lot of them are going to tell you they  
16 don't have their I.D. Well, of course, they do or  
17 else they can't get all the other benefits that are  
18 afforded to them.

19 CHAIRMAN:

20 Thank you, Detective. Michael?

21 MR. THOMAS:

22 Detective, good to see you again. We've  
23 crossed that road before in the days when you were a  
24 resource day officer, so it's good to see you again  
25 here. The question I have here was prompted by a



01 concern that Mr. Allan raised about stakes, when a  
02 certain amount of materials brought in may be suspect.  
03 If those materials meet a certain threshold with  
04 regard to quantity or value at resale, rather than  
05 putting the evidence on the scrap dealer or recycler  
06 to hold materials, again, this would need to be a  
07 considerable amount, but would the police be able to  
08 take custody of the actual materials in the most  
09 extreme circumstances just to make sure that, with  
10 respect to the industry, safeguard it at a level  
11 higher than a scrap yard could, but also kept in the  
12 chain of custody in the case?

13 DETECTIVE FOY:

14 I think the point that --- or the  
15 question that was asked by Representative Wansacz, we  
16 probably won't have to take everything. We're in the  
17 same boat that they are. We don't have a lot of space  
18 either. We're taking in a lot of stuff that, as  
19 opposed to them, they can get rid of the next day.  
20 We've got to hold on to it for 25, 30 years down the  
21 road. Space is a luxury with us, too. A small  
22 portion, a couple pieces, most of the time will be  
23 sufficient for our purposes. Most of the time, we're  
24 not going to get it. It's nice, but we don't work  
25 that way.

01 MR. THOMAS:

02 Would you say a small portion a sample, a  
03 representative sample ---?

04 DETECTIVE FOY:

05 Yeah, a couple sections of pipe. You  
06 know, we don't need --- if he brings in 300 pounds, we  
07 don't need 300 pounds. At a homicide scene, we don't  
08 take every pool of everything that's around. We just  
09 take a little sample. That's pretty much all that we  
10 need.

11 MR. THOMAS:

12 Thank you.

13 CHAIRMAN:

14 Thank you for the testimony. I think  
15 that Representative Pashinski is trying to reduce the  
16 rules necessary to do your job.

17 DETECTIVE FOY:

18 That's the one thing that I know, is that  
19 the scrap yards are trying to take is they have to  
20 police it as opposed to them just being another link  
21 in the chain, of us being able to track it backwards.

22 CHAIRMAN:

23 Thank you.

24 DETECTIVE FOY:

25 Thank you.

01 CHAIRMAN:

02 The next to testify is Liz Tobin,  
03 Director of External Affairs of the Beer Institute and  
04 Artie Tafoya the Director of Operations Appalachian  
05 Brewing Company.

06 MS. TOBIN:

07 I'm going to go first. Good afternoon,  
08 and thank you, Chairman Wansacz and members of the  
09 committee for the opportunity to testify here and to  
10 offer the Beer Institute's support for House Bill  
11 1742. My name is Liz Tobin and I'm the Senior  
12 Director of External Affairs at the Beer Institute in  
13 Washington, DC.

14 The Beer Institute is a national trade  
15 association for the brewing industry representing both  
16 large and small brewers as well as importers and  
17 industry suppliers. Our membership produces and  
18 imports over 90 percent of the beer sold in the United  
19 States. And our supplier members include many growers  
20 of essential ingredients for beer, such as rice and  
21 hops, as well as the manufactures of items needed for  
22 beer packaging, such as six pack holders and cans.

23 The Beer Institute was formed to  
24 represent the industry before Congress, state  
25 legislatures, and public forums across the county.

01 The institute is committed to the development of sound  
02 public policy that focuses on community involvement  
03 and to the values of civic duty and personal  
04 responsibility. While I am happy to discuss the  
05 particular merits of House Bill 1742, my purpose here  
06 today is to provide you some national context  
07 regarding this issue and why this bill is important to  
08 my membership and Mr. Tafoya will be able to provide a  
09 more local context.

10 HB 1742 addresses key concerns among  
11 Pennsylvania businesses and citizens over the negative  
12 effect of price increases in precious metals on a  
13 number of industries, including utilities and home  
14 building. But many are not aware of its effect on the  
15 brewing industry. Along with other products made of  
16 metal, the value of stainless steel beer kegs has also  
17 increased. Unfortunately, that value is most often  
18 realized by thieves who steal kegs from bars,  
19 restaurants and other locations where beer is sold.  
20 Those stolen kegs are then often sold at scrap  
21 recycling facilities.

22 Kegs are the property of a brewer or  
23 importer, not the distributor, retailer, or consumer  
24 who might pay a deposit. All kegs are marked very  
25 clearly by permanent stamping in the metal as being

01 the property of a brewer or beer importer. Brewers  
02 collect a deposit on each keg that goes to the  
03 marketplace from the wholesaler who will distribute  
04 the beer. Keg deposits vary widely and are being  
05 increased across the county because of this problem,  
06 but typically range from \$10 to \$35. Since a new keg  
07 costs anywhere from \$130 to \$150, much more than any  
08 deposit, you can see how keg theft is costing our  
09 industry money. It is estimated that US brewers and  
10 beer importers lose over 350,000 kegs each year. This  
11 adds up to an annual loss of over \$50 million.

12           Kegs are meant to be used multiple times,  
13 and even damaged kegs can be reused and reconditioned.  
14 On average, U.S. brewers and beer importers reuse the  
15 same keg about four times each year. Still,  
16 approximately 10.7 million kegs are needed to handle  
17 the draught volume in this county. And since  
18 Pennsylvania is the largest draught state in the  
19 country on a package mix basis, many of those kegs,  
20 nearly one million each year, find themselves here in  
21 the Commonwealth. Many small brewers rely more  
22 heavily on draught beer than on some of our larger  
23 brewer members. This is especially true for local  
24 brewer, Yuengling, who volume is approximately 40  
25 percent draught.

01           At current replacement prices, the 10.7  
02 million kegs I mentioned equal \$1.5 billion in brewer  
03 investments. And these investments spend most of the  
04 time out of the direct control of the brewer owners  
05 and in the hands of distributors, retailers and  
06 consumers. There is currently only one domestic keg  
07 manufacturer and that manufacturer cannot handle the  
08 U.S. beer industry's keg needs. And outside the U.S.  
09 only those kegs made in Europe are strong enough to  
10 withstand the rigors of going through the brewer,  
11 distributor, retailer and consumer multiple times each  
12 year.

13           Volume needs combined with increased keg  
14 theft have resulted in a backlog of orders at the U.S.  
15 and European keg manufacturers. The theft of kegs is  
16 therefore not only costing the industry money but it  
17 is also making it harder to meet demand for draught  
18 beer most of which is sold at licensed bars,  
19 restaurants and similar small businesses. To address  
20 keg theft, we have engaged in both legislative and  
21 educational efforts.

22           Our members have been working across the  
23 country with state legislators and distributor  
24 associations like the Pennsylvania Beer Wholesalers  
25 Association to strengthen metals theft laws. For the

01 beer industry, this entails enumerating kegs in the  
02 list of proprietary metals or otherwise specifically  
03 listing kegs as items that are unlawful to sell or  
04 accept at scrap yards without proof of ownership.  
05 This year, 19 states have passed legislation  
06 addressing metals theft, including your neighbors New  
07 York and West Virginia. One of the first states to  
08 pass meaningful scrap metal theft legislation was  
09 Virginia, and I bring up this bill because the  
10 Virginia bill passed with support from numerous  
11 stakeholders including scrap metal dealers. This bill  
12 was also used as a blueprint for the American  
13 Legislative Exchange Council's model bill on metals  
14 theft.

15 In addition to supporting passage of  
16 legislation, brewers have also implemented a  
17 nationwide educational campaign directed at industry  
18 stakeholders and scrap metal dealers. As Mr. Allan  
19 mentioned, most of our efforts have been in  
20 conjunction with the National Trade Association for  
21 Scrap Dealers, the Institute for Scrap Recycling  
22 Industries or ISRI. We are grateful for the support  
23 we have received from ISRI in partnering with them to  
24 educate their members. The goal of our joint efforts  
25 was to inform ISRI members that selling kegs for scrap

01 is illegal unless you are a brewer representative and  
02 therefore kegs should not be accepted at scrap yards.

03 To spread that message, we worked with  
04 ISRI to include educational communications in packets  
05 distributed to the more than 4,000 attendees to the  
06 ISRI annual convention in April, and part of that  
07 communication was included in Mr. Allan's testimony.  
08 Then we followed up with a letter to the 2,100 U.S.  
09 ISRI members with further information to keep the  
10 issue top of mind. We've also placed ads in the  
11 national scrap magazine.

12 As you can see, metals theft is a serious  
13 issue for the brewing industry. We appreciate the  
14 Committee's work on House Bill 1742 and especially  
15 thank the sponsors of the bill. HB 1742 is common  
16 sense legislation that requires additional, but in our  
17 view, not onerous recordkeeping by scrap metal  
18 dealers. The additional recordkeeping requirements  
19 will be invaluable for law enforcement to recover and  
20 return potential stolen property. Including beer kegs  
21 in the commercial metal property definition and then  
22 including commercial metal property in the Restricted  
23 Materials section is especially helpful to our  
24 members. These inclusions will make it very  
25 difficult, if not impossible, for thieves to legally



01 sell stolen beer kegs to scrap processing facilities.  
02 And now, Mr. Tafoya will make his comments and then  
03 we'll be happy to answer any questions.

04 MR. TAFOYA:

05 Good afternoon. I would like to thank  
06 the Committee for allowing to give testimony today in  
07 support for House Bill 1742. My name is Artie Tafoya  
08 and I'm the President of the Pennsylvania Brewers  
09 Build and the Managing Partner and Brewmaster of  
10 Appalachian Brewing Company headquartered in  
11 Harrisburg.

12 The Brewer's Guild is a collection of 15  
13 brewers producing close to a half a million barrels  
14 annually. The brewers range from brew pubs to  
15 regional brewers living in this area. Appalachian  
16 Brewing Company or ABC is a very dynamic microbrewery/  
17 brew pub with locations in Harrisburg, Gettysburg and  
18 also Camp Hill.

19 I believe the testimony I will provide  
20 today will give you a realistic view of our industry  
21 and the effects on our industry that House Bill 1742  
22 addresses. As Ms. Tobin has discussed, the negative  
23 effect of price increases in precious metals on our  
24 business and industry have been great. Earlier this  
25 year, ABC had a tough decision to make concerning

01 draught sales. We were at a point where we needed to  
02 invest in 100 kegs to replace lost kegs and another  
03 500 kegs to support future sales plan.

04           The quote we received for the kegs was in  
05 excess of \$100,000 for the required kegs. This was  
06 over two times what we paid for an order three years  
07 ago. After analysis of our past business and our  
08 annual keg loss, we were faced with a tough decision.  
09 We found that our keg loss had increased substantially  
10 along with the increase in the price of scrap  
11 stainless. We realized that a \$10 deposit on a \$175  
12 keg was purely bad business. With much discussion and  
13 some agony, we decided to pull our draught sales from  
14 six of our seven Pennsylvania and Maryland  
15 distributors and we immediately raised our deposits to  
16 \$30. Our only current draught distributor is W & L  
17 Sales in Harrisburg as we felt like we could better  
18 control our keg supply and the keg loss in our own  
19 backyard.

20           We have continued to sell cases and  
21 bottles to all distributors. But we have seen a  
22 reduction in brewery sales volume for the first time  
23 in our 10 year history. Kegs are the most energy  
24 efficient way to move beer. If a keg is not stolen  
25 and scraped it can be used for 20 or more years to get

01 the beer to our consumers. As small brewers, we ask  
02 for your support of House Bill 1742 to strengthen the  
03 metals theft laws. This law protects our growing  
04 industry by making it unlawful to sell or accept  
05 brewery kegs at scrap yards without proof of  
06 ownership. By adding brewery kegs to commercial metal  
07 property in the Restricted Metals section of this  
08 legislation, we will keep more of our cooperage. If  
09 and when we can afford to buy more cooperage again, we  
10 will be buying to expand sales, not to replace the  
11 senseless loss of a good container. I'm happy to  
12 answer any questions you may have at this point.

13 CHAIRMAN:

14 Thank you both for testifying. I'll open  
15 it up to some members in a moment, but I have a  
16 question concerning this. You may have already  
17 answered this concerning the Virginia law that is in  
18 place. How does House Bill 1742 and the Virginia law,  
19 --- are they similar?

20 MS. TOBIN:

21 Chairman, that's a great question. And  
22 actually, when I was sitting listening to other  
23 testimony, I was kicking myself for not bringing a  
24 copy of the Virginia legislation because off the top  
25 of my head, I don't know the differences. In general,

01 it is a similar bill requiring recordkeeping on the  
02 scrap processors, and I'm happy to get a copy of that  
03 bill to you when I return to my office and to share  
04 that with you. And also, I can also provide you what  
05 Alec did with the Virginia bill to create what they  
06 thought was a model bill for stainless.

07 CHAIRMAN:

08 I would appreciate that. My second  
09 question is in part again, after you've reached out to  
10 the industry and talked to them about kegs being  
11 stolen, and the scrap metal industry have started  
12 bringing this in and getting it done, are you still  
13 seeing kegs stolen for recycling?

14 MS. TOBIN:

15 I can't answer that question right now.  
16 We're hopeful at the end of the year when our  
17 companies do their audits that the keg loss has been  
18 reduced this year. I can say that we have received  
19 very positive feedback from individual scrap  
20 processing facilities. When we sent that letter out,  
21 we're a small office. I always take any calls from  
22 the individual facility saying, hey, I've got some  
23 kegs here. What do you want me to do with it? I  
24 would then call our brewer member, so outreach to ISRI  
25 and the Membership Brewer Association did result in

01 the return of some kegs. I think it's a relatively  
02 small number, but still it was received positively and  
03 if this bill goes into the next calendar year, when we  
04 do a new estimate again, I'll be happy to share our  
05 new numbers with you.

06 CHAIRMAN:

07 Any comments, Art?

08 MR. TAFOYA:

09 We've seen --- since the price has gone  
10 back down, we've seen a reduction. Now, we pulled our  
11 draught sales back in-house so we were able to do a  
12 very good inventory of our kegs at that point in time,  
13 but our loss that we've seen so far has dropped with  
14 the price of stainless scrap dropping. I don't want  
15 to make it sound like that price of stainless is  
16 dropping because kegs are still \$175 for someone small  
17 like me because only buying 100 or 500 at a time. But  
18 we've seen --- since the price has gone down to about  
19 60 cents for scrap stainless, we've seen a reduction  
20 in the amount of that we see that are lost on a  
21 monthly basis.

22 CHAIRMAN:

23 Representative Brennan?

24 REPRESENTATIVE BRENNAN:

25 Yes, just two questions. Thank you, Mr.

01 Chairman. I don't know if --- just alluding to the 60  
02 cents for the scrap. At its high, if someone were  
03 take a keg, empty keg to a scrap place, what would one  
04 half barrel yield them?

05 MR. TAFOYA:

06 About \$30 to \$40 at the high.

07 REPRESENTATIVE BRENNAN:

08 Okay. My question again because it's ---  
09 back in college, when I used to drink a lot of draught  
10 beer, what we --- and I never understood it, but we  
11 made a deposit on the keg, take it back and we didn't  
12 always take it back to the place we bought it from,  
13 but wherever we took it we would get back that money.  
14 I mean, the incentive to take it to a scrap yard when  
15 someone could just as easily take it to any  
16 distributor--- and you don't care where they took it.

17 MR. TAFOYA:

18 That's right.

19 REPRESENTATIVE BRENNAN:

20 If you bought it at A distributor and  
21 took it back to B distributor, it doesn't matter.  
22 It's still in the system and it will get back to the  
23 brewer or whoever needs it.

24 Wouldn't simply raising the deposit ---  
25 because if at its high it was about \$35 for a barrel,

01 wouldn't raising the deposit just almost automatically  
02 take away the incentive to go through the aggravation  
03 of maybe getting caught taking it to a scrap yard?  
04 But I know it's tough because its \$35 out of  
05 somebody's pockets.

06 MR. TAFOYA:

07 Most of the kegs are stolen from behind a  
08 restaurant. That would probably be the biggest case  
09 for ---.

10 REPRESENTATIVE BRENNAN:

11 But they could take that also back to a  
12 distributor instead of a scrap yard and get whatever  
13 deposit was entered \$25 or \$20 or \$25.

14 MR. TAFOYA:

15 That's true. And the normal case for a  
16 deposit that's taken to, let's say a distributor, is  
17 they will take the name of the person and they'll sort  
18 of file that that person had a \$30 deposit on that  
19 keg. So when he brings it back, they sort of pull out  
20 either his non-cash check or other ways of going about  
21 it. This way they can sort of go around the system.  
22 Now, if somebody --- I instructed our people that if  
23 somebody was to steal a keg, let's say from behind a  
24 restaurant, and bring it in to us that we would pay  
25 the \$10 deposit because in our case it's better to

01 have the keg back than to have them take it to a scrap  
02 yard because once they take it there, the chances of  
03 us getting the keg back are nil, because it's crushed  
04 and sent out as scrap stainless at that point in time.

05 REPRESENTATIVE BRENNAN:

06 Until the price drops so low that the  
07 scrap dealers start bringing back whole kegs to you  
08 guys?

09 MR. TAFOYA:

10 That's right. Well, and one other just  
11 quick item on that is in terms of bringing a keg in in  
12 pieces. Breaking a keg down is very, very difficult.  
13 You know, you have to remove the pressure of the keg  
14 because it's under pressure when you steal it.  
15 Therefore --- and then you have to have a plasma  
16 cutter once the pressure is removed to be able to cut  
17 it up, so it's very, very difficult. Now, can people  
18 do it? Yes, they can. But we've even had kegs on our  
19 third floor that are either damaged or beyond our  
20 ability to have them repaired or whatever that we just  
21 haven't really done anything with because it is so  
22 difficult to break them down. So breaking them down,  
23 I don't think that's happening as much as it may sound  
24 like it is.

25 REPRESENTATIVE BRENNAN:



01                   It's probably not very sophisticated. It  
02                   may be young kids or people that are supporting some  
03                   kind of habit. They're not going to take the time to  
04                   take it to their garage, like a chop shop for kegs.

05                   MR. TAFOYA:

06                   Yes. I don't think there's enough money  
07                   in it.

08                   REPRESENTATIVE PASHINSKI:

09                   And just quickly, Mr. Chairman, I'm  
10                   surprised by the figure. A keg is only used four  
11                   times throughout the year. Is that the average?

12                   MS. TOBIN:

13                   Yes, that's the average. Some companies  
14                   have a higher number and some have a lower number.

15                   REPRESENTATIVE PASHINSKI:

16                   But their life expectancy is 20 to 30  
17                   years?

18                   MR. TAFOYA:

19                   That's for more of a nationwide company  
20                   where we're in control of it. We have a lot better  
21                   turnover than that on a small group.

22                   REPRESENTATIVE BRENNAN:

23                   Thank you.

24                   CHAIRMAN:

25                   John?

01 MR. SCARPATO:

02 I was going along with the sort of same  
03 idea. Whether it's thieves or consumers, just doing  
04 the math, that if you raise the deposit that it's not  
05 going to be the local type where we're seeing that.  
06 Have most brewers done that?

07 MS. TOBIN:

08 Many brewers have been increasing their  
09 deposits. Larger brewer numbers in different pockets  
10 of the country are looking at raising the deposits to  
11 \$50. Now, this actually has a negative impact on  
12 another business once we start jacking up the  
13 deposits. We have small retailers who are trying to  
14 provide a wide variety of draught beer for their  
15 customers. It becomes much more expensive for them to  
16 provide that type of variety that, you know, consumers  
17 enjoy. And so it's a very difficult situation that we  
18 find ourselves in, and because we aren't just working  
19 on raising the deposits this year. I personally don't  
20 have the numbers if that's had a positive effect on  
21 reducing the keg loss, but we do have a situation  
22 where the folks who pay their deposits aren't the  
23 folks who are selling these kegs at facilities. So  
24 regardless of how much they're going to be getting at  
25 a facility, they're still going to be making money off

01 it because they're not the ones that make the deposit.

02 MR. SCARPATO:

03 If they stop ---.

04 MS. TOBIN:

05 OR whoever made a deposit, but generally

06 those are not the people --- they return the keys

07 because they then get the money.

08 MR. TAFOYA:

09 Until they want it refilled.

10 CHAIRMAN:

11 Thank you both for your testimony. We  
12 appreciate it. Next is Frank Buzydlowski of Verizon.

13 MR. BUZYDLOWSKI:

14 Good afternoon, Chairman Wansacz,  
15 Representative Pashinski, Representative Siptroth and  
16 Representative Brennan and also the excellent staff of  
17 the House Commerce Committee. I am Frank Buzydlowski.  
18 I'm the Director of State Government Relations for  
19 Verizon in the Commonwealth of Pennsylvania. I want  
20 to thank you for asking me to testify here today about  
21 House Bill 1742, the Scrap Material Theft Prevention  
22 Act. I want to personally thank Representative  
23 Pashinski for getting me on the agenda and  
24 Representative Pashinski and Representative Wansacz  
25 for making sure my name is spelled right. No problem

01 there.

02           Verizon fully supports passage of  
03 legislation that will deter the theft of precious  
04 scrap metal in this Commonwealth. For instance,  
05 Verizon supported the recent passage in the House or  
06 Representatives of House Bill 1716, which expressly  
07 makes the theft of public utility property a serious  
08 crime in this Commonwealth. Verizon applauds the  
09 efforts of the prime sponsor of House Bill 1742, its  
10 cosponsors and the members of this Committee who  
11 recognize that the increased theft of utility  
12 property, especially copper, jeopardizes the health,  
13 safety and welfare of Pennsylvania utility customers,  
14 employees and emergency services personnel.  
15 Accordingly, we support strong legislative deterrents  
16 like House Bill 1742 that address the rising number of  
17 incidents of utility property theft in our  
18 Commonwealth.

19           The burgeoning theft of copper cable that  
20 Verizon has in service or in reserve at our equipment  
21 yards and in the backs of our construction vehicles is  
22 of great concern to us which is why I am appearing  
23 before you today. The increased motivation of thieves  
24 to go after our copper can be explained by the  
25 information on the chart that is attached to my

01 written testimony, which shows that the price of  
02 copper has quintupled since 2003. And we know before  
03 we're hanging this to provide service in our network.  
04 It's gone from 70 cents a pound to \$3.50 pound and  
05 these are the prices that we have.

06           Skyrocketing copper prices provide  
07 thieves as well as some unscrupulous scrap yard and  
08 recycling facility operators with an economic  
09 incentive to steal and to fence copper belonging to  
10 Verizon and to others, including unfortunately copper  
11 wire that is live and providing telephone internet and  
12 other services for our customers.

13           Such copper thefts are a national problem  
14 and have drawn substantial media attention. See, for  
15 example, the November 4th, 2007 Louisville  
16 Courier-Journal article that is also attached to my  
17 written testimony ,which recounts the increased number  
18 of occurrences and indeed an epidemic of copper theft  
19 both in Louisville, Kentucky, where copper theft  
20 reports rose more than 400 percent in one year, and  
21 around the country. These thefts have also drawn  
22 legislative attention, as was referenced by a previous  
23 testifier, as more than 30 other states have enacted  
24 or are considering proposed legislation aimed at  
25 deterring such thefts.

01                   Last year, Verizon reported an estimated  
02   45 incidents of people stealing copper telephone lines  
03   and other equipment in West Virginia causing about  
04   17,000 Verizon customers to go without telephone or  
05   internet service as more than 26,000 feet of copper  
06   wire was stolen, which amounted to more than \$240,000  
07   in losses to our company. On August 17 of this year,  
08   another copper theft left about 1,000 people without  
09   phone service in a rural area of Virginia. Two lines  
10   were stolen from an unprotected area along railroad  
11   tracks where the poles run along the tracks. One line  
12   had 600 wires in its cable sheaf and was approximately  
13   100 feet long. That is extremely heavy. And the  
14   other had 900 wires inside and measured almost 80 feet  
15   in length.

16                   This issue isn't just about dollars and  
17   cents, though. Stealing copper from a public utility  
18   carries a very dangerous consequences that impact  
19   innocent people. These consequences may include  
20   serious personal injury or death, explosions, fire,  
21   and electric outages. This past July, firefighters in  
22   Pasadena, Maryland, responded to a call concerning  
23   smoke rising from an abandoned discount store and  
24   found the body of a 41-year-old man who had become  
25   engulfed in flames and died after cutting electrical

01 wires in an attempt to steal its copper. He was found  
02 alone in the empty building next to a set of bolt  
03 cutters, a police scanner and the store's lone  
04 remaining electrical panel. He wrongly assumed that  
05 the power was off. Just recently, Des Moines, Iowa  
06 police discovered the body of a 34-year-old man who  
07 was stealing copper to sell as scrap and was  
08 electrocuted while trying to cut the wire with a  
09 chainsaw.

10           Here in Pennsylvania, so far in 2007,  
11 Verizon and our customers have been victimized by 15  
12 reported thefts. That's 15 of working copper aerial  
13 cable stretching nearly 3,000 feet. Those thefts so  
14 far have put 625 of our customers completely out of  
15 service, unable to call family or friends, employers  
16 or doctors and even 9-1-1 emergency services from  
17 their wire line telephones until our technicians were  
18 able to come out and install and replace the cables.  
19 We don't have a cable just sitting on the shelf.  
20 Ordinarily, we're not prepared for --- we're prepared  
21 for accidents, we're prepared for storm, but usually  
22 the cable is still there and we can put it back up and  
23 restore it, splice it in. But if somebody steals it,  
24 we have to go back out and get new cable. The cost of  
25 the replacement was \$162,000.

01           During the same period, we had stolen  
02           approximately 75,000 feet of not-in-service copper  
03           cable and the value of that copper was over a quarter  
04           of a million dollars. Not one of those 36 thefts has  
05           resulted in an arrest. The rapid rise in copper  
06           prices combined with the generally low incidence of  
07           arrests for copper thefts under current law point to  
08           the need for legislation that both toughens the  
09           criminal penalties on copper thieves and puts into  
10           place fair procedures for the sale and recycling of  
11           copper and other metal property at scrap yards and  
12           recycling facilities to not only deter the sale of  
13           stolen property at such facilities but also to protect  
14           dealers and recyclers from buying the stolen goods.

15           House Bill 1716, which passed the House  
16           by an almost unanimous vote, does the former. House  
17           Bill 1742 does the latter. One particularly forward  
18           looking provision of House Bill 1742 that Verizon  
19           strongly endorses, since our copper cable does have  
20           identification marking it as Verizon property, is the  
21           prohibition on the purchase of copper or other  
22           commercial metal property that is marked with the name  
23           of a commercial enterprise, except when that purchase  
24           occurs in conjunction with a contract or a letter of  
25           authorization from the commercial enterprise. In



01 other words, when we're recycling our own and use  
02 facilities.

03           This rigorous limitation, more than any  
04 other requirement, will keep further individual  
05 thieves from selling copper and help prevent honest  
06 salvage operators from unwittingly being saddled with  
07 stolen goods.

08           In summary, Verizon supports legislation  
09 to discourage utility property and scrap metal theft  
10 without imposing onerous rules on honest dealers. We  
11 believe House Bill 1742 would do a lot to stem the  
12 copper theft epidemic in Pennsylvania and Verizon  
13 pledges to work with the prime sponsor and this  
14 committee to achieve favorable consideration of this  
15 bill. Thank you for this opportunity to appear before  
16 you. I will be happy to answer any questions.

17           CHAIRMAN:

18           Thank you. Representative Siptroth?

19           REPRESENTATIVE SIPTROTH:

20           Thanks, Frank, for testifying. We  
21 appreciate that very much. The yield of copper in  
22 this particular sample is certainly much greater than  
23 what it is in cable telephone repairs, and I just  
24 wanted to bring that to the members' attention. When  
25 you and I were speaking in the hall, and I'll repeat

01 it for public record purposes, you'd indicated that a  
02 lot of theft has gone on in the Verizon market and how  
03 much this cable weighs, and again, the yield is much  
04 less, significantly less, in telephone cable. And I  
05 do appreciate your testimony here today regarding  
06 that. And again, that no arrests have been made,  
07 although your particular cable is identified is very,  
08 very significant.

09 MR. BUZYDLOWSKI:

10 Mr. Chairman, if I may also follow-up on  
11 the words of Representative Siptroth's comments, if I  
12 may, Article Four local loop (phonetic) is about X  
13 amount as thick as that and that's the thing that  
14 provides or comes from pole to the home if it's basic  
15 telephone service. And sometimes in abandoned houses,  
16 they're stealing those. Quite frankly, it's  
17 incidental. What they're taking that's putting people  
18 out of service are the cables that are --- this would  
19 be this diameter or the circumference would be about a  
20 250 pair cable. An 800 pair cable is going to be like  
21 this and that's what, for instance, runs along the  
22 railroad tracks where it's unprotected. You know,  
23 nobody is there. They get out there and find the  
24 poles, probably a chainsaw, take it down. They have  
25 to have a truck because it's extremely heavy. We have

01 to park --- you see our construction vehicles, there's  
02 one on each end. And the guys aren't hoisting them  
03 themselves, they're using a winch. So these are not  
04 amateurs. The amateurs, the amateur thieves are  
05 taking it from the abandoned houses. They're taking  
06 that, but what we're seeing now is the big, thick  
07 cable that has hundreds of pairs of wires. And  
08 they're taking that, and when they take that off a  
09 pole --- you know, in the computer is a 9-1-1 circuit  
10 for all of Luzerne County and it would take --- if  
11 they get the wrong circuit, so it's a big problem and  
12 I appreciate your comment.

13 CHAIRMAN:

14 Representative Brennan?

15 REPRESENTATIVE BRENNAN:

16 Thank you, Mr. Chairman. Frank, thank  
17 you for your testimony. I was just curious how does  
18 Verizon identify their product? You say here that  
19 they --- you refer to the one provision saying that  
20 the scrap metal person wouldn't be able to take if it  
21 was identified as owned by a commercial enterprise.  
22 How physically is something --- whether it's big or  
23 small, how do you go about --- is it something that  
24 the thief just could clip off real easily or is it a  
25 more --- fairly difficult to identify.

01 MR. BUZYDLOWSKI:

02 First of all, on our cable, it's thick  
03 enough that every so many feet we have an  
04 identification and it's embossed and it will say  
05 Verizon and Verizon Communications. So yeah, they  
06 could skin it off, but there would be evidence of  
07 that. In other words, they'd have to take a knife and  
08 every so many feet you'd have this part of it ---  
09 There'd be insulation --- because in other words,  
10 there's insulation outside of that. Our cable doesn't  
11 look like that. That's ground wire, but there's  
12 insulation outside, so if you saw that every so many  
13 feet there's something skinned off then somebody could  
14 have removed the identifying numbers. But on the  
15 local loop, that's going to your house that would be  
16 about that thickness, it's also on there and so every  
17 so many feet it gets insulated. We have a dark, black  
18 insulation. It's fiber optics. It's orange and of  
19 course, that's not copper, so it's ---. But if it's  
20 copper, it's dark black, so it's a white marking and  
21 it says Verizon Communications on it.

22 REPRESENTATIVE BRENNAN:

23 So the scrap dealer, maybe they'd have to  
24 question something like that.

25 MR. BUZYDLOWSKI:

01                   One would hope that if somebody brought  
02                   in that and every so many feet you'd just see this cut  
03                   that's what our marking was, that they would be  
04                   suspicious of that.

05                   REPRESENTATIVE BRENNAN:

06                   Thank you.

07                   CHAIRMAN:

08                   Thank you, Representative Brennan.

09                   Representative Pashinski?

10                   REPRESENTATIVE PASHINSKI:

11                   I just wanted to thank you very much for  
12                   coming up here today, Frank. I appreciate it. Are  
13                   they just going to burn the insulation off and then  
14                   take it to the scrap dealer with your 800 pair cable?

15                   MR. BUZYDLOWSKI:

16                   That's an excellent question. I don't  
17                   know the answer to that. I'm not sure whether they  
18                   would be skinning the cable and then taking it in or  
19                   whether they're taking it in as is.

20                   REPRESENTATIVE PASHINSKI:

21                   Well, the point I want to make for the  
22                   record is whether they burned it off, that should be  
23                   the first red flag to indicate that it's a cable  
24                   company for scrap dealers. And then the second red  
25                   flag would be obviously, if they do burn it off. It's

01 not everybody who has 800 pair cable laying around.

02 MR. BUZYDLOWSKI:

03 You know, as I think about it, too, the  
04 fact that they haven't caught anybody, I guess maybe  
05 we don't even know that answer as to how they're ---  
06 because of the fact, you know, we haven't seen it  
07 after it's been ---.

08 REPRESENTATIVE PASHINSKI:

09 Well, the reason why I'm bringing this up  
10 is because I have been considering, and we'll be  
11 talking to David and the legal staff about this, maybe  
12 we have to require, again, whatever they're going to  
13 try to trade for money has to be in original form and  
14 not mutilated and ripped apart, crushed or whatever  
15 they do to it before. And so far, everything that  
16 I've heard --- the good scrap dealer, I think, is  
17 probably vigilant and will identify it and will alert  
18 law enforcement. Secondly, with the communications  
19 between law enforcement and the scrap dealers, I'm  
20 just wondering, to your knowledge, whether you have  
21 any knowledge about how they change the form of the  
22 copper?

23 MR. BUZYDLOWSKI:

24 And I can add to that answer that when we  
25 take down the old copper and replace it with fiber

01 optics and then we scrap it, we don't burn off the  
02 insulation. It goes as it is so that's the way it  
03 goes out. For identification and ownership, the scrap  
04 dealer has that to verify. I had one other thought  
05 that I may want to --- since the folks from the  
06 recycling yards have left already, I don't think that  
07 they would be paying the same price per pound if, in  
08 fact, it was in somewhat of a virgin form, if it were  
09 in the form of a shielding, I don't think they'd be  
10 paying anywhere near that. That, in itself, would  
11 deter an individual from offering it in the original  
12 wrapping.

13 REPRESENTATIVE PASHINSKI:

14 On a commercial basis, where they have  
15 the industrial ability to rip that stuff apart, it's  
16 not hard for them. But regular guys it would be a  
17 real chore?

18 MR. BUZYDLOWSKI:

19 Yes.

20 CHAIRMAN:

21 Thank you. If we had fiber optics  
22 everywhere, we wouldn't have to worry about it. Thank  
23 you for your testimony. And I thank you guys for  
24 waiting. Lieutenant Brad Lawver of the Pennsylvania  
25 State Police.

01                   LIEUTENANT LAWVER:

02                   Good afternoon, Chairman Wansacz and  
03 members of the Committee. I'm Lieutenant Brad Lawver  
04 of the Pennsylvania State Police. On behalf of  
05 Colonel Jeffrey B. Miller, Commissioner of the  
06 Pennsylvania State Police, I want to thank you for the  
07 opportunity to talk to you about House Bill 1742, the  
08 proposed legislation related to scrap materials. With  
09 me today is Corporal Mark Tice from the Pennsylvania  
10 State Police Bureau of Criminal Investigation. While  
11 conducting investigations related to this subject,  
12 Corporal Tice has developed a working background  
13 related to scrap metal thefts and prosecutions.

14                   When it comes to crime, the Pennsylvania  
15 State Police, local law enforcement agencies and the  
16 General Assembly share common goals, to stem violence  
17 and to stop unlawful acts from being perpetrated upon  
18 the residents of this Commonwealth. Inherently, one  
19 of the problems we face is identifying the evolving  
20 criminals in today's society and their ever-changing  
21 means of obtaining something that is not rightfully  
22 theirs. Today's criminal has advanced by using new  
23 technology and better equipment to accomplish their  
24 tasks. Unfortunately, they are also smart enough to  
25 identify shortcomings in the law and adapt for maximum



01 profits at the lowest risk.

02           Thieves and others whose livelihood is  
03 based on committing illegal acts recognize that metal  
04 prices have increased dramatically over the past three  
05 years. Current laws and lack of industry regulation  
06 provide a minimized risk of detection and arrest.  
07 With that in mind, I would like to address specific  
08 areas of the proposed legislation and offer further  
09 input for your consideration. We are grateful to the  
10 General Assembly for their willingness to tackle this  
11 complex issue.

12           In the past three years, the price of  
13 ferrous and non-ferrous metals have risen  
14 significantly. Currently, copper trades at more than  
15 \$3.00 a pound compared to \$1.40 in August of 2004, an  
16 increase of more than 100 percent. Aluminum is  
17 bringing over a dollar a pound while is sold for only  
18 five cents a pound as recently as 2005. Although law  
19 enforcement traditionally does not keep specific  
20 statistics on scrap metal or recycling related theft,  
21 subjective reports from across the state indicate a  
22 correlation between metal prices and related crimes.  
23 Your pending legislation includes language to that  
24 effect.

25           Commanders from the 15 State Police

01 Troops across the Commonwealth have reviewed this  
02 proposed legislation, provided anecdotal information  
03 and rated the problem from their regional perspective.  
04 All identified the increase in scrap metal related to  
05 thefts as a significant problem. Additionally, all  
06 acknowledged the legislation is a step in the right  
07 direction. However, they would like to see an even  
08 tougher law. All indicated that this crime trend is  
09 increasing in relative proportion to the rise in metal  
10 prices. As scrap metal commodities rise, not  
11 surprisingly, so do the number of thefts of these  
12 materials.

13 All of the Commanders described problems  
14 in identifying the stolen property prior to resale or  
15 processing beyond recognition by scrap dealers. All  
16 indicated they have scrap dealers in their respective  
17 area that self regulate, cooperate with law  
18 enforcement, require identification and document  
19 transactions in detail. However, each reported there  
20 are a significant number which do not self regulate,  
21 do not cooperate with law enforcement and look the  
22 other way at obvious criminal transactions. In  
23 reviewing this proposed legislation, it is obvious  
24 that those who drafted the document recognize the  
25 problem and are working to establish an effective law

01 that does not hamper honest businessmen trying to earn  
02 a living in this industry.

03           Several other states recognized a need to  
04 regulate the scrap materials trade in order to reduce  
05 related thefts. The enactment of tough statutes has  
06 curtailed thefts, aided in the recovery of stolen  
07 property and significantly assisted law enforcement  
08 with prosecuting individuals responsible for stealing  
09 such materials. Two of the many states to pass such  
10 legislation are Virginia and Louisiana.

11           Any and all legislation enacted in this  
12 Commonwealth that would aid to prevent the theft of  
13 scrap materials is welcomed by the Pennsylvania State  
14 Police. During the remainder of my testimony, I will  
15 discuss the proposed bill and offer suggestions for  
16 your consideration.

17           Beginning with the definitions, Section  
18 Two, Scrap Processor, we would like to see the  
19 definition expanded to describe the person or business  
20 that receives, stores and resells scrap materials for  
21 payment or other financial consideration. In the  
22 proposed legislation, the definition includes the term  
23 processing but processing is not defined.

24           If processing is to be used in the  
25 definition, it should be defined and include the above

01 suggested language. Additionally, this definition  
02 should include the wording, or any person or business  
03 who acts as a scrap materials dealer or scrap  
04 materials processor. These are common industry terms.

05           In the definition of non-ferrous metals,  
06 an exclusion is inserted that states the term does not  
07 include precious metals. One of the specific scrap  
08 material thefts that has seen a significant rise is  
09 the theft of catalytic converters from vehicles. A  
10 single catalytic converter contains less than the  
11 quantity of platinum to be recognized or reported  
12 under the Pennsylvania Precious Metals Act. However,  
13 it has been documented, and as you heard previously,  
14 that thieves remove several of these vehicle exhaust  
15 components and then do remit them simultaneously as  
16 scrap. Dealers routinely consider the converters  
17 individually, thus avoiding the reporting requirement  
18 established under the Precious Metals Act. For  
19 informational purposes, the average catalytic  
20 converter contains an estimated one to two grams or  
21 .07 ounces of platinum, palladium and rhodium. In the  
22 past five years, the price of rhodium increased from  
23 \$380 an ounce to \$6,650 an ounce, while platinum now  
24 trades at over \$1,400 an ounce. Rather than extract  
25 the material themselves, thieves are selling the

01 catalytic converters to scrap yards for prices  
02 averaging \$100 per converter. We would like to see  
03 the theft of catalytic converters addressed in this  
04 legislation. At the very least, we recommend  
05 modifying the Precious Metals Act to deal with this  
06 issue.

07           Section 3 of the proposal, Identification  
08 Requirements for Sale of Scrap Materials to Scrap  
09 Processors and Recycling Facility Operators has good  
10 regulatory language but we would like to see it  
11 strengthened. Other states have enacted laws  
12 governing the sale of scrap and precious metals which,  
13 similar to the Pennsylvania Precious Metals Act,  
14 mandate that dealers provide reports to law  
15 enforcement agencies within a designated period of  
16 time. House Bill 1742 mandates recordkeeping within  
17 the dealer's business but does not require information  
18 to be routinely forwarded to law enforcement.

19           The bill places the burden on law  
20 enforcement to request information on specific  
21 transactions. It also requires advance notification  
22 from a law enforcement officer prior to a business  
23 holding material for a specified time, ignoring the  
24 sometimes obvious fact that the material is likely  
25 stolen when competing against an unscrupulous dealer.

01 An example of an unscrupulous dealer occurred in the  
02 spring of this year. A theft was reported to the  
03 Pennsylvania State Police regarding stolen conveyor  
04 trays from a chicken-processing plant. The trays were  
05 very large and heavy and valued at \$10,000. The crime  
06 was only prosecuted after the perpetrator was involved  
07 in another unrelated crime and confessed to the stolen  
08 trays. Despite the trays having an obvious function  
09 and new appearance, the scrap dealer willingly  
10 purchased the items without notifying law enforcement.  
11 A scrupulous dealer would have reported the incident  
12 to law enforcement, thus avoiding the theft. A  
13 licensing requirement would also allow this  
14 legislation to include the penalties, such as a  
15 license suspension and revocation. The current  
16 Pennsylvania Precious Metals Act includes a suspension  
17 or revocation of dealer's license for violations. The  
18 State of Utah and a few other states order their pawn  
19 shop and secondhand licensees to bill over a \$1,000  
20 surety bond for faithful compliance with the  
21 provisions of their act. This bond is ordered at the  
22 time of the initial issuance or request for a license.

23 Section Seven of the proposed legislation  
24 includes a penalty provision. Considering the profits  
25 a scrap materials dealer stands to gain through

01 unscrupulous transactions, a summary grade offense  
02 with a \$2,500 fine is an insufficient deterrent. We  
03 suggest a sliding fine up to and including a felony,  
04 contingent upon the assessed value of the suspect  
05 material, similar to the theft statutes of the  
06 Pennsylvania Crimes Code. Many of the metals covered  
07 by this act are actively used by public utility  
08 services. Theft of items containing metals can  
09 threaten society in many ways. Not only can it  
10 increase the vulnerability of critical infrastructures  
11 such as power grids and/or supply lines, it  
12 potentially places lives at risk should an event  
13 happen where the function of the metals is designed  
14 for safety. An example of this occurred in Lebanon  
15 County in January of 2007. An individual was stealing  
16 grounding rods from utility poles owned and maintained  
17 by a local electric power company. In the event the  
18 pole malfunctioned due to a weather-related incident  
19 or motor-vehicle crash, the power lines associated  
20 with those poles would not have had the proper  
21 grounding capabilities, significantly increasing the  
22 chance of electrocution for anyone in the vicinity or  
23 any of the first responders.

24 Another example occurred in Westmoreland  
25 County where actors removed the grounding wires and

01 inner components of a power station. When the lines  
02 eventually came in contact with the ground, the energy  
03 was sufficient enough to start a fire in concrete  
04 causing a significant power outage while the equipment  
05 was repaired.

06           These examples suggest that an enhanced  
07 penalty should be considered for those dealing in  
08 materials that are obviously critical to our  
09 transportation or utilities infrastructure.

10           One of the key issues brought to the  
11 attention of the State Police by members of the scrap  
12 metal industry is revenue reimbursement when property  
13 is seized and the dealer has already paid for the  
14 material. Consideration should be given to  
15 establishing a fund to reimburse dealers unknowingly  
16 victimized. Several other offenses in the Crimes Code  
17 allow portions of the fines or seizures to be directed  
18 to help victims of crimes and/or law enforcement.

19 If an allotted portion of a fine issued to a person or  
20 dealer found guilty of violating any provisions of  
21 this Act were designated to a separate fund, revenue  
22 could be made available to those dealers who are  
23 victimized by a person selling stolen material. The  
24 fund would aid law enforcement and reputable scrap  
25 metal dealers. In essence, the people who violate



01 this Act would aid in the prevention and prosecution  
02 of similar thefts. The fund could also help pay for  
03 the previously suggested network or website to link  
04 scrap metal dealers to law enforcement for the  
05 suggested reporting requirements.

06 In Section Six, we identify the most  
07 troubling area of this proposed legislation. This  
08 section states that a scrap processor and recycling  
09 facility operator may disclose information to law  
10 enforcement who is investigating suspected criminal  
11 activities and who has secured a subpoena, search  
12 warrant or court order. Clearly, when a law  
13 enforcement officer is holding a lawful subpoena,  
14 court order or search warrant, the dealer is required  
15 to provide the requested information or access.  
16 However, changing the wording from may to shall is  
17 still not a strong enough tool for law enforcement to  
18 properly investigate, recover property, and ultimately  
19 file criminal charges. We stress the importance of  
20 mandatory, timely reporting to law enforcement,  
21 required holding periods and open regulatory  
22 inspections.

23 Among victims of scrap metal thefts are  
24 homeowners, construction companies, electrical  
25 contractors and utility companies, all hard working

01 Pennsylvanians. Many have expressed their frustration  
02 over these crimes to us and expressed their desire to  
03 cooperate with law enforcement. Utility companies  
04 have spent time and resources meeting with law  
05 enforcement and offered funding for covert  
06 investigations. They are well aware of the need for a  
07 strong law and many have initiated contact with  
08 Members of the General Assembly regarding this issue.

09           We firmly believe that this proposed  
10 legislation is a step in the right direction.  
11 However, with additional regulatory and statutory  
12 language it can become a far more effective tool for  
13 law enforcement and the crime victims in this state.  
14 We believe that honest, hardworking business owners in  
15 this industry would support the suggestions we offer  
16 and would benefit from the implementation of such  
17 measures.

18           In conclusion, on behalf of Colonel  
19 Miller and the entire Pennsylvania State Police, I  
20 want to thank you for the opportunity to address your  
21 Committee. We are always available to work with you,  
22 and we thank you for your continued leadership.  
23 Corporal Tice and I will be happy to answer your  
24 questions.

25           CHAIRMAN:

01                   Thank you, Lieutenant Lawver and Corporal  
02 Tice. Do you have anything to add at this point?

03                   CORPORAL TICE:

04                   No, sir. After hearing all the testimony  
05 that was already offered today, Chairman, you  
06 gentlemen have enough to consider.

07                   CHAIRMAN:

08                   I do have a question and Corporal Tice,  
09 you may be the best person to answer, taken your  
10 expertise in dealing with these investigations.  
11 Detective Foy earlier testified, as you heard, for the  
12 scrap metal industry, space is a big problem. For  
13 them to hold four to five days makes it a problem.  
14 Would just having a photo identification that says,  
15 John Doe, we purchased whatever, five catalytic  
16 converters off of him and we already got rid of them,  
17 will that be enough information in a court of law to  
18 prosecute that individual?

19                   CORPORAL TICE:

20                   That would establish circumstantial  
21 evidence. It was also brought up by District Attorney  
22 Ferentino regarding the burden of proof required for  
23 the prosecution. Have a smoking gun is a wonderful  
24 circumstance. In other words, having the catalytic  
25 converters with fingerprints with the markings of

01 where the person cut it, which as you had mentioned  
02 earlier, is that identifiable to a law enforcement  
03 officer who sends that through forensic examination?  
04 You can identify the tool and link that to the person  
05 possibly who has cut that, so in circumstance with law  
06 enforcement, yes, that would be identifiable, seeing  
07 as the catalytic converter would be identifiable.  
08 Having a smoking gun would be fantastic.

09           However, the circumstantial evidence that  
10 is produced by having the name, the number of the  
11 catalytic converters that were stolen, even the style  
12 or the type of catalytic converter that was stolen, to  
13 be able to match it to the type of vehicle would be a  
14 wonderful tool, so yes, that would a great head start  
15 for a law enforcement officer under his investigation.

16           CHAIRMAN:

17           Representative Pashinski?

18           REPRESENTATIVE PASHINSKI:

19           You obviously prepared for your testimony  
20 and may I just say that you have done one great job in  
21 analyzing the bill. A lot of your recommendations  
22 have been taken under considerations by the committee  
23 as well as the staff members. Their concern was  
24 communication. One of them made a comment that if law  
25 enforcement didn't take an interest, that if they



01 they can get the best price based upon that day. I'm  
02 just sharing that with you because I've spent a lot of  
03 time on this bill with a lot of different people.

04 LIEUTENANT LAWVER:

05 I'm sure you recognize that the meetings  
06 that they've established those prices, it's my  
07 understanding that they used the NYNEX Metal Exchange,  
08 and they're actually paying prices on futures at 30,  
09 60, 90 days out. That's a way to minimize their  
10 chances of loss so --- well, I'm not in the business  
11 and I certainly don't know if they are one day and two  
12 day turnarounds. I don't know, but I know that the  
13 way that they are paying is on a futures price on that  
14 metal, so it's a little difficult for me to  
15 understand.

16 CHAIRMAN:

17 Any other questions?

18 REPRESENTATIVE SIPTROTH:

19 Thank you, Mr. Chairman. Just one  
20 observance. I don't see in the bill a requirement  
21 indicating the length of time the records ---.

22 REPRESENTATIVE PASHINSKI:

23 Two years.

24 REPRESENTATIVE SIPTROTH:

25 Two years. I apologize for that. Is

01 there --- in creating a database per se, it would be  
02 self-contained, it's my understanding it would self-  
03 contained within the industry itself and the records  
04 would be purged into law enforcement.

05 REPRESENTATIVE PASHINSKI:

06 Each scrap dealer should have his own  
07 database. That's what we're trying to get so that  
08 that way they can obviously have access to this.  
09 Because we're working regionally here and then they  
10 can expand on a statewide level.

11 LIEUTENANT LAWVER:

12 Corporal Tice has taken the initiative to  
13 take a very proactive effort with regard to pawn  
14 shops. And from what's existing, from the short  
15 synopsis of the successes you've had, it all hinges  
16 around this idea of mandatory reporting. It takes the  
17 burdens off of those shops to determine what is, what  
18 isn't stolen, is he a good guy or is he a bad guy?  
19 They don't need to --- that's not their job. We'll  
20 handle that. And he's had remarkable success with the  
21 regional distribution of those pawn shop lists. I  
22 think you could probably give that a pretty brief  
23 synopsis. And while I know that's not the content of  
24 your regional bill and we're not telling you what to  
25 do with your bill, we're just trying to educate you

01 and give you an idea as to how successful that's been  
02 in a similar but slightly different realm.

03 REPRESENTATIVE PASHINSKI:

04 We're trying to find solutions to the  
05 problems, so whatever would be the best way to do  
06 that, we'll take all our information and hopefully be  
07 able to accomplish that. Thank you.

08 CORPORAL TICE:

09 Great. The reporting requirement,  
10 actually, if I may start by saying it's prescribed ---  
11 it'd be easier. For a pawn shop or a secondhand  
12 store, you can't list into saying five pounds of  
13 engagement rings, five pounds of jewelry, of gold.  
14 You have to list individually, so it's more burdensome  
15 for a pawn shop dealer to have to record and report  
16 such an item as opposed to a scrap dealer, who would  
17 say copper wire, you know, guessing the size. He  
18 might say a double lot or number eight copper wire and  
19 whatever type of insulation. The reporting  
20 requirements are made through local ordinances. There  
21 is a state law that governs the pawn shops through the  
22 Department of Banking. They report their information  
23 to one lone person, a liaison who is a Philadelphia  
24 police officer. All 53 licensed pawn shops offices  
25 send their information to an officer of the



01 Philadelphia Police Department.

02           We, as the Pennsylvania State Police or  
03 any other police department, do not have access to  
04 that information unless we reach out specifically to  
05 her. We had then started to enact local ordinances  
06 within the specific cities or boroughs or townships to  
07 start to get our hands on the sheets. Through getting  
08 the sheets now, I actually, when I was working, took a  
09 promotion and went to the Department Headquarters. I  
10 used to work in the Bureau of Criminal Investigations,  
11 Organized Crime Office. I'm was covering an area  
12 which is called Area One which is called south central  
13 Pennsylvania. From Perry County and Dauphin County,  
14 Schuylkill County down through to Franklin County  
15 along the southern border to Lancaster County back up  
16 through again, so I have quite a big area. I have all  
17 law enforcement officers on an e-mail distribution  
18 list. I receive all the pawn shop records and the  
19 majority of secondhand store dealerships, their  
20 inventory that is reported to them within a daily  
21 basis.

22           It's an electronic format. It's sent  
23 through paper to the specific law enforcement agencies  
24 who have requested it. They scan it and they shoot it  
25 over to me. It takes a matter of ten seconds until I

01 mail the pawn sheets out to all the different law  
02 enforcement agencies. I also receive the pawn records  
03 from Baltimore, all the pawn records of Baltimore and  
04 West Virginia. To sum it up, we've made countless  
05 arrests. I started this about two and a half years  
06 ago. We've brought in more and more different  
07 secondhand dealers and pawn shop stores.

08           In the beginning, when we first started  
09 this, the numbers were approximately three to four  
10 arrests that were being made throughout south central  
11 Pennsylvania with these pawn records with different  
12 law enforcement officers finally having access to the  
13 information of who was pawning what. We have now ---  
14 it has slowed down to approximately, I would say,  
15 about one every month or one every two months that we  
16 make an arrest off of it, because people are now  
17 starting to realize that, okay, they're keeping an eye  
18 on this. It's not that the numbers have gone down in  
19 theft. We're still making an impact with that.  
20 Something like this would be phenomenal, especially  
21 since there is nothing. There are no reporting  
22 requirements whatsoever.

23           CHAIRMAN:

24           Do you handle the licensing? The pawn  
25 shops would have to be licensed?

01                   CORPORAL TICE:

02                   Pawn shops are licensed, yes, sir.

03                   However, there are several states --- it was mentioned  
04                   earlier about a Virginia law. I have --- I've  
05                   compiled all 32 that I could find of laws and house  
06                   bills that are currently in effect, that are working  
07                   to try and do scrap metals into this binder, this  
08                   folder here. There are several states that are doing  
09                   that. They're licensing and there are several others  
10                   that don't have a licensing requirement. The  
11                   licensing requirement makes it a little bit more  
12                   simple for somebody to say we knew what the rules  
13                   were, you pledge it every year, you know what you're  
14                   allowed to and what you're not allowed to do. You  
15                   can't actually say that you did not know. It takes it  
16                   out of the hands of ISRI where it's a voluntary  
17                   status, where the good people who are making a  
18                   legitimate people, they voluntarily help out with that  
19                   ISRI. They voluntarily reach out to law enforcement  
20                   and will tell them if they have stolen property in  
21                   there.

22                   The other people who don't want to have  
23                   anything to do with it, who don't want to have  
24                   internet or computer or electric at their scrap yards,  
25                   they're the ones who aren't going to be --- and

01 they're also the ones who --- where the criminals do  
02 know where to go. In south central Pennsylvania, for  
03 one example, there are four different counties where  
04 we debrief criminals who were caught with this. They  
05 knew of one scrap yard to go to where no questions  
06 were asked. That same scrap dealer is the person  
07 who's throwing vulgarities at the law enforcement  
08 officer, who is telling him to get off his property.  
09 So we pledge our cooperation with this House Bill.  
10 Anything that I've compiled is open to you gentlemen.  
11 I have summarized into what states have what, little  
12 neat intricacies, everything else, of the state laws.

13 REPRESENTATIVE PASHINSKI:

14 Can I give you my card? We're going to  
15 talk about this.

16 CORPORAL TICE:

17 Yes, sir.

18 CHAIRMAN:

19 Gentlemen, thank you for testifying. You  
20 really made a tremendous effort, just tremendous. I  
21 think it's given us new ideas of maybe how we can  
22 proceed. Meeting adjourned.

23 \* \* \* \* \*

24 HEARING CONCLUDED AT 1:34 P.M.

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