



2007 Equipment Theft Report



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A large white tracked bulldozer is the central focus of the image, positioned in a field. The bulldozer's tracks and heavy-duty frame are clearly visible. In the background, another similar machine is partially visible under a warm, golden sunset sky. A semi-transparent yellow rectangular box is overlaid on the middle of the image, containing the text "OUR PURPOSE" in white, serif, all-caps font.

OUR PURPOSE

EQUIPMENT THEFT IS WIDESPREAD AND COSTLY
FOR EQUIPMENT OWNERS AND THEIR INSURERS.

National Equipment Register (NER) collects information and builds systems that allow law enforcement to identify any type of equipment, in any state, at any time of day. That ability increases the likelihood of recovery and arrest — and decreases thieves' motivation to steal. NER also helps purchasers of used equipment avoid buying stolen equipment, further helping equipment owners and insurers reduce the costs associated with theft.

NER achieves its purpose through strategic relationships with law enforcement, manufacturers, security service providers, equipment owners, insurers, and associations.



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NER is an ISO company

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February 1, 2008

The equipment rental industry represents a major distribution channel for equipment manufacturers. But equipment theft poses a large problem for rental operators, causing substantial loss of revenue along with lost opportunity cost. That's why the American Rental Association (ARA) joined forces with National Equipment Register (NER) in 2004. That working relationship continues to benefit our industry.

Through NER, the American Rental Association has made significant progress in addressing theft issues by incorporating feedback from our members and law enforcement officers. Rental companies, law enforcement, and equipment security companies collaborate with our subsidiary, ARA Insurance Services, allowing us to focus effectively on theft issues. That collaboration is possible only through our allying with NER.

ARA Insurance Services automatically registers all equipment belonging to the ARA members we insure. ARA Insurance Services also partners with NER each year to recognize a law enforcement unit for its equipment recovery efforts. In 2007, ARA and NER asked manufacturers to register equipment with NER at the point of sale to raise awareness of their customers' equipment theft problem. It's particularly good news that in 2007 equipment manufacturers started sharing data with NER. That exchange will greatly aid law enforcement.

This report contains valuable information from NER that can benefit our industry. NER's operational and educational efforts are integral to the success of our industry's initiatives to reduce equipment theft.

I thank the police officers who spend so much time and energy investigating equipment crimes. Without you, much of our effort would be wasted. I also thank those of you who have worked with ARA state and local associations to help our members take the necessary steps to combat equipment theft. Once again, I thank and congratulate the officers who have won the AIS/NER Awards in 2005, 2006, and 2007.

Final thanks go to NER for a job well done. I urge equipment owners who have not yet registered their fleets of equipment with NER to do so.

Sincerely,

A handwritten signature in black ink, appearing to read 'Christine L. Wehrman'.

Christine L. Wehrman
Chief Executive Officer
American Rental Association



February 1, 2008

Intelligence-led policing is critical to modern law enforcement operations, given today's stretched resources and personnel. The need to detect and deter criminal activity before it occurs is paramount to enhancing the quality of life in our communities.

Law enforcement's need for private industry to help support intelligence-led investigations is also growing. FBI-LEEDA is a strong advocate of cooperation between the public and private sectors to enhance the sharing of information. NER was one of FBI-LEEDA's first corporate allies, and that relationship is an excellent example of coordination of multiple data resources and information sharing between the public and private sectors. Insurers and equipment owners now have a mechanism to combat equipment theft. The close relationship between NER and FBI-LEEDA makes many otherwise futile equipment investigations successful.

This report is the most comprehensive analysis of equipment theft trends to date and an excellent example of turning raw data into actionable intelligence for those who investigate equipment theft and those who seek to prevent it.

Please join me in congratulating NER in the scope and quality of this report. I hope you find the information useful.

Very truly yours,

Tom Stone
Executive Director
FBI-LEEDA



INTRODUCTION

OVERVIEW

NER's fifth annual report on equipment theft in the United States showcases our database of more than 88,000 thefts of construction and farm equipment. NER will publish similar reports every year to help track trends and study the growing volume of NER data.

AIM

This study provides equipment owners, insurance companies, and law enforcement with information to guide theft-prevention efforts and to allocate investigation resources. The study puts the information into context through footnotes, analyses, and conclusions that relate to the protection, investigation, and recovery of heavy equipment.

The report seeks to answer many important questions: Who steals heavy equipment, and how do they do it? How much and what types of equipment do they steal? Where do they steal equipment from, and where does it go?

DATA SOURCES

Since 2001, NER has developed databases of heavy equipment ownership and theft. Those databases contain an unparalleled volume and detail of data we can use to analyze trends in equipment theft. Our data also shows broader insurance industry trends.

Owners and law enforcement agencies report thefts directly to NER's database through the NER website. Insurers report thefts through ISO ClaimSearch®, the insurance industry's all-claims database.

Before 2005, NER's report focused primarily on insured losses, since only equipment insurers were participating in the NER program. The 2005 report — and every report since — has included data from the equipment rental industry, where many noninsured losses occur. Through an alliance with the American Rental Association (ARA), NER is now capturing loss data from many of the largest rental fleets in the world and hundreds of smaller fleets.

Although statistics can't reveal all underlying reasons for the high level of equipment theft, we can draw conclusions from trends and the daily contact that NER staff members have with theft victims, insurers, and law enforcement.

PRESENTATION AND ANALYSIS

We've presented each set of data through graphs or tables to allow easy comparison and to highlight trends. Notes explain data sources and gathering techniques. Analyses discuss the relative importance of the factors that affect each set of results. We provide additional commentary where results suggest a particular action or response.



THEFT STATISTICS

The statistics clearly indicate what equipment thieves steal and from where. The raw data does not provide profiles of the thieves or their motivations, but we can draw conclusions through information from investigations. See the Appendix for sample case studies.

Theft by State

Top Ten Equipment-Theft States (2005–2007)

Rank	2007	2006	2005
1	Texas	Texas	California
2	Florida	California	Texas
3	California	Tennessee	Tennessee
4	North Carolina	Colorado	Arizona
5	Georgia	Arizona	Florida
6	Illinois	Oklahoma	Michigan
7	Missouri	Florida	Pennsylvania
8	Ohio	Louisiana	Illinois
9	Oklahoma	Michigan	South Carolina
10	Pennsylvania	Pennsylvania	Georgia

The top five states account for 31% of all thefts.

The top ten states account for 46% of all thefts.

NOTES

1. Although every state reported thefts to NER, the top five states accounted for 31% of the total number of thefts in 2007.
2. Column 1 of Top Ten Equipment-Theft States represents 4,310 theft reports that ISO ClaimSearch and law enforcement submitted to NER in 2007.

ANALYSIS

1. Theft levels closely follow the amount of equipment in a particular area. In other words, the states with the highest volume of construction and agriculture — and therefore the most machinery — have the largest number of thefts.
2. Organized theft rings are likely to develop in areas with a high concentration of equipment and a large number of potential buyers of used equipment, stolen or otherwise. Higher loss ratios for insurers in certain areas reflect that development.

COMMENT

Sometimes theft hot spots emerge when an organized group of thieves and fences are working in a particular area. NER's regional theft-trend alerts highlight such activity. Detecting and thwarting those groups often coincide with a noticeable drop in theft rates. Documented recoveries in the Appendix illustrate this correlation.

Theft by Type of Location

The graph below shows insured losses by the type of location of the theft:

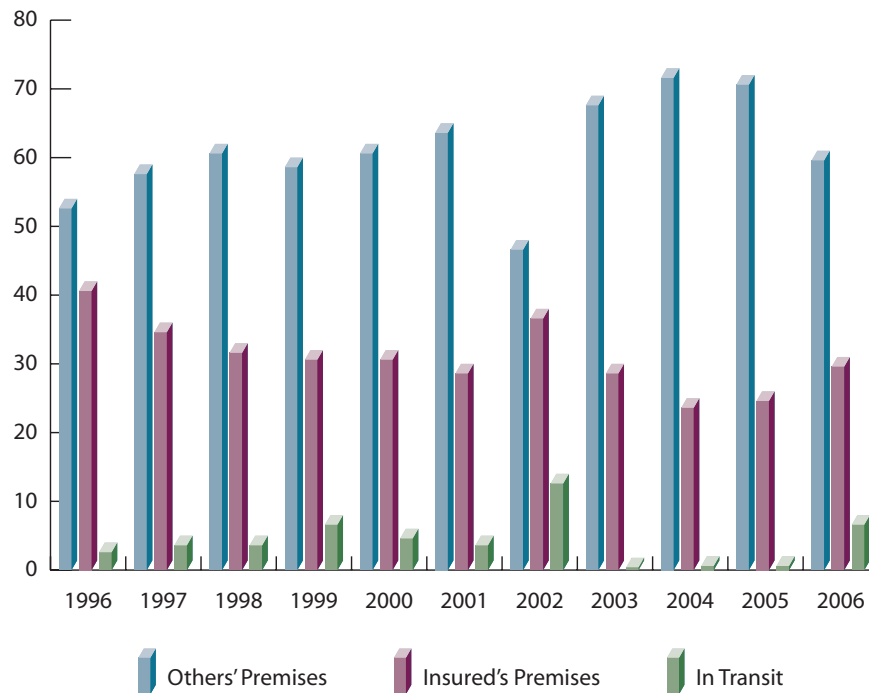


Figure 1. Theft by Type of Location (1996–2006)

NOTE

Source is ISO Inland Marine Circular, Contractors Equipment, All Classes.

ANALYSIS

Two factors affect results in Figure 1: the location where the equipment spends the most time and the level of security at each type of location. Most often, equipment is on a work site, labeled on the graph as “Others’ Premises.” Those work sites usually have lower levels of physical security than an “Insured’s Premises,” which is often a fenced-in compound. Insurance rates should reflect that.

COMMENT

It’s not enough to focus solely on the security of premises and work sites. Equipment users should secure machines, even if they can do so only temporarily. For example, a user could surround mobile equipment with hard-to-move objects when the equipment is not in use.

Types of Equipment Stolen

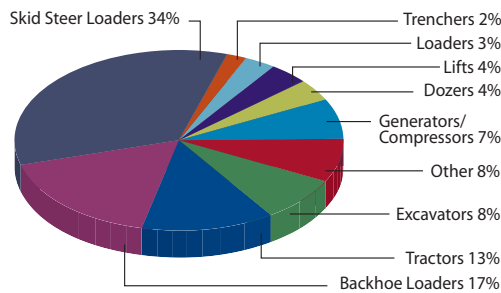


Figure 2A. *Types of Equipment Stolen (2007)*

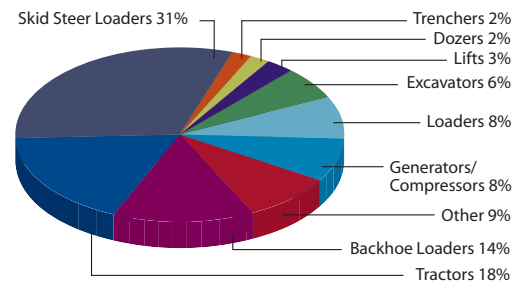


Figure 2B. *Types of Equipment Stolen (2006)*

NOTES

1. The chart represents 4,310 theft reports that ISO ClaimSearch and law enforcement submitted to NER in 2007.
2. For the first time, statistics include landscaping equipment, mainly commercial riding mowers.
3. The top five types of equipment account for 75% of all losses. In 2006, the top five represented 80% of all thefts.
4. "Tractor" is a broad category, including compact, utility, and agricultural tractors.
5. "Skid Steer Loader" is a type of loader. The chart separates them from other loaders to highlight the high number of losses in that subtype.
6. More than 50 types of equipment make up the "Other" category. They include graders, scrapers, wood chippers, and rollers.

ANALYSIS

1. Two key factors determine the type of equipment that thieves are most likely to steal: value and mobility. Value is the primary factor, except for items too large to move on a small trailer. For instance, mechanical cranes are valuable but seldom stolen, as they are difficult to move.
2. Another factor to consider is the number of each type of equipment in circulation. For example, skid steer loaders account for more than 30% of new construction equipment sold in the United States in the last five years.
3. Dozers and wheel loaders are the most valuable types of equipment in the top ten, but backhoes and skid steers are easier to transport. Therefore, the latter group represents greater percentages of theft.
4. The types of high-value equipment reported stolen frequently are wheeled machines such as wheel loaders.

COMMENT

Equipment owners should consider mobility of equipment as well as value when planning security efforts.

Frequency of Theft Compared with Other Risks

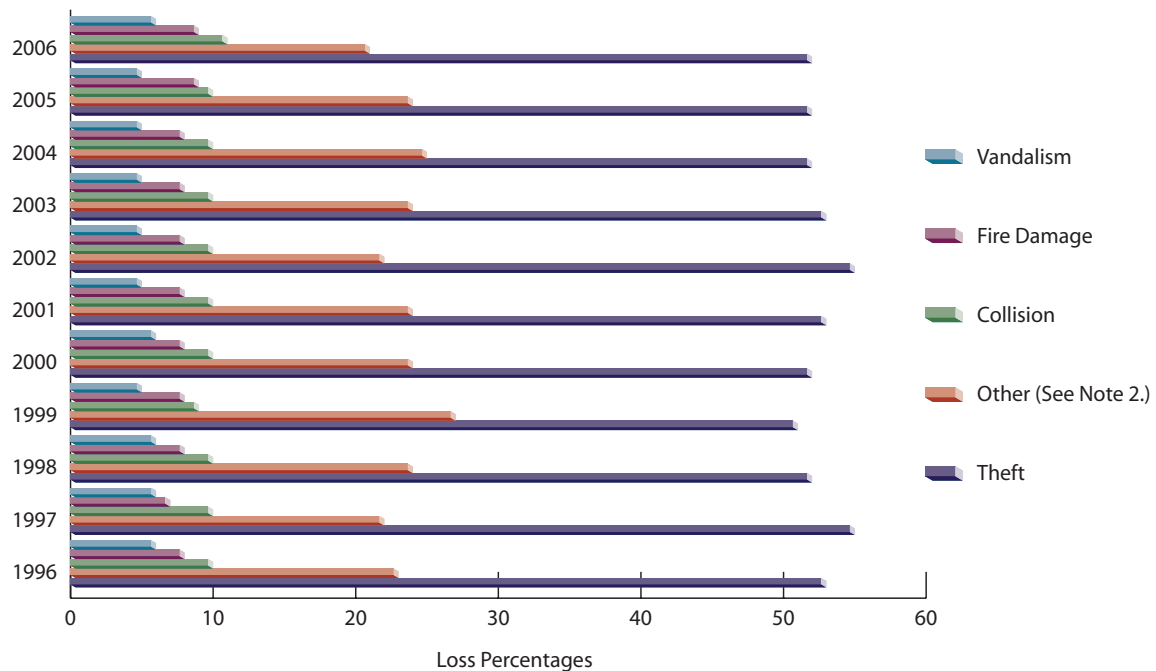


Figure 3. Frequency of Theft Compared with Other Risks (1996–2006)

NOTES

1. Source is ISO Inland Marine Circular, Contractors Equipment, All Classes.
2. We base the figures on frequency, not value. Theft still tops the list by value, although by a smaller margin.
3. "Other" includes claims involving windstorm, hail, water damage, flood, volcanic action, and earthquake.

COMMENT

Theft is the most frequent cause of loss, but it is also a type of loss that good prevention dramatically affects. In other words, the level of risk varies greatly between an equipment owner that takes certain precautions and one that does not.

Equipment owners can reduce the likelihood of theft and improve the chances of recovery by taking simple preventive steps. Insurers and managers should implement those steps, especially when they are cost-effective and measurable.

NER offers a detailed theft-prevention package free of charge to its member insurers and their policyholders.

Theft by Manufacturer

The manufacturers of equipment most frequently reported stolen to NER in 2007 were:

1. John Deere	6. Case
2. Kubota	7. Multiquip
3. Caterpillar	8. Komatsu
4. Bobcat	9. Massey Ferguson
5. New Holland	10. Whacker

ANALYSIS

1. All makes of off-road equipment have little or no standard equipment security, but the manufacturers on the above list are the ones that make the most compact equipment (the types featured in Figure 2). The list does not necessarily follow the entire market share of all heavy equipment manufactured.
2. If two pieces of equipment are equally easy to steal, a thief is more likely to steal the machine of greater value. Age, condition, and brand determine a machine's perceived value.
3. Manufacturers can affect the rankings, as well as their market share, by improving equipment security and registering sales with NER.

Age of Stolen Equipment

Equipment produced since 2000 accounted for 88% of thefts reported to NER in 2006. Half the thefts reported in 2007 were machines manufactured in the last five years. The table lists the top ten years of manufacture for machines stolen in 2007:

Rank	Year	Percentage
1	2007	28%
2	2006	21%
3	2005	15%
4	2004	9%
5	2003	6%
6	2000	4%
7	2002	3%
8	2001	3%
9	1999	2%
10	1998	2%

Equipment produced since 2000 accounted for 88% of thefts reported to NER in 2006.

NOTES

1. Each piece of equipment manufactured in 2007 faced potential theft for only part of the year — from the date sold to December 31.
2. Results may be slightly skewed because owners often misstate the date of manufacture. For example, a buyer may list a 2006 model purchased in 2007 as a 2007 model.

ANALYSIS

The newer a piece of equipment, the more likely it is that someone will steal it. If given the choice between two similar machines, a thief will choose the newer, more valuable machine, assuming they are equally easy to steal. Manufacturers installed as little security on 2007 models as they did in 1980.

Those results are in stark contrast to larger trends in automobile theft, where older models account for more stolen cars. Newer cars carry more sophisticated antitheft technology. Equipment design, however, emphasizes productivity. The necessity for multiple operators leads to little or no equipment security.

Future reports will track this trend closely, as manufacturers start to add more security technology.

Who Steals Equipment?

NER has no detailed statistics on who steals equipment. However, information from criminal investigations indicates that thieves have good knowledge of equipment operation and security weaknesses. (See Appendix.)

In some cases, criminals learn about equipment or pay those in the industry for help and information. In other cases, the thieves are working in the industry and see an opportunity to supplement their income by stealing equipment.

NOTES

1. The estimates don't include the theft of tools or building materials or damage to equipment and premises caused during a theft.
 2. The estimates don't include losses from business interruption. Those losses include the cost of rentals, project-delay penalties, and wasted workforce and management time.
-

ANALYSIS

Several factors contribute to the high level of equipment theft:

- the value of heavy equipment*
- poor equipment security and poor site security
- opportunities to sell stolen equipment in the used-equipment market
- low risk of detection and arrest
- low penalties for thieves if prosecuted and convicted

*The average estimated value of a stolen piece of equipment is \$30,000.

The Cost of Equipment Theft

At present, there is no centralized, accurate, or exhaustive database that includes every loss. NER examines detailed theft reports from a specific area — such as a fleet, industry, or region that accurately reports theft — to make assumptions and develop trends. Then we apply those trends to the entire market share of that specific area to build a national figure.

Annual estimates of the cost of equipment theft vary from \$300 million to \$1 billion, with most estimates in the range of \$600 million.



RECOVERY STATISTICS

Low recovery rates make it difficult to draw concrete conclusions from recovery statistics alone. By incorporating information acquired from investigations, such as those in the Appendix, we can gain an idea of how equipment is stolen, where it goes, and who steals it.

Recovery Rates

An analysis of thefts that insurers reported to ISO since 1990 shows 6.5% marked as recovered. Past losses from more than 300 NER member companies have been higher and lower than that mark.



As little as 6.5% of stolen equipment is ever recovered.

NOTES

1. The recovery rate does not reflect pieces of equipment that law enforcement has recovered but not marked as recovered.
 2. On the other hand, the recovery rate does not reflect unreported thefts.
-

ANALYSIS

Several factors contribute to the low recovery rate of stolen equipment. They are as follows:

- delays in discovery and reporting of theft
- inaccurate or nonexistent owner records
- lack of prepurchase screening of used equipment
- limited law enforcement resources dedicated to equipment investigations
- complexities in equipment numbering systems
- limited, possibly inaccurate, equipment information in law enforcement systems

COMMENT

The area that needs the most improvement is also the area that promises immediate results: making accurate information available to law enforcement 24 hours a day.

As a minimum requirement, equipment owners should keep accurate lists of equipment with PIN/serial numbers and submit them to law enforcement, their insurers, and NER as soon they discover a theft.

When they purchase equipment, owners should register serial numbers in the NER database, so that the information is available to law enforcement 24 hours a day. In the event of a theft, law enforcement can identify the equipment, even during weekends or at night.

Recoveries by State

In 2007, law enforcement recovered equipment in 32 states with NER’s assistance. The table shows the states with the most activity.

Top Ten Equipment-Recovery States (2005–2007)

Rank	2007	2006	2005
1	Illinois	Texas	California
2	California	California	Texas
3	Florida	Tennessee	Tennessee
4	Texas	Colorado	Florida
5	Georgia	Arizona	Mississippi
6	Arizona	Oklahoma	Michigan
7	Oklahoma	Florida	South Carolina
8	Alabama	Louisiana	Arizona
9	Pennsylvania	Michigan	Louisiana
10	New York	Pennsylvania	Kansas

The top five states account for 50% of recoveries.

The top ten states account for 78% of recoveries.

NOTES

1. In 2007, law enforcement recovered most machines in the same state where they were stolen. Of those recovered in another state, only one-third were more than one state away.
2. The bigger the state and the more demand for equipment within that state, the lower the chance that the equipment will leave the state.
3. The longer the time after a theft, the more likely it is that thieves will move equipment out of state and sell it to a purchaser who seems to have no knowledge of the theft.
4. We’ve based figures on low recovery rates. Law enforcement is less likely to recover equipment when thieves move it far away, especially out of state. Therefore, more stolen equipment may be moving out of state.

ANALYSIS

1. Lack of screening in the used-equipment market bolsters thieves’ confidence. They feel safe selling equipment in neighboring states or neighboring counties.
2. Recoveries made at ports and borders prove that thieves export stolen equipment. Selling stolen equipment within the United States is easy, so the cost of export is worthwhile only when thieves can raise prices abroad or when they steal equipment close to a land border.

COMMENT

In the fight against equipment theft, it is important to act both locally (for example, by circulating theft reports) and nationally (for example, by submitting data to national databases).

A key component in the fight is to make it harder for thieves to sell stolen equipment. Buyers of used equipment should check machines at www.IRONcheck.com before buying.

Types of Equipment Recovered

The charts below show the types of NER-assisted recoveries in 2007 and 2006.

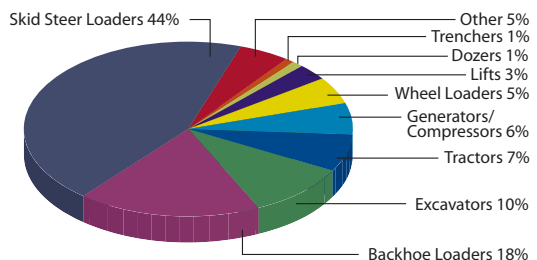


Figure 4A. Types of Equipment Recovered (2007)

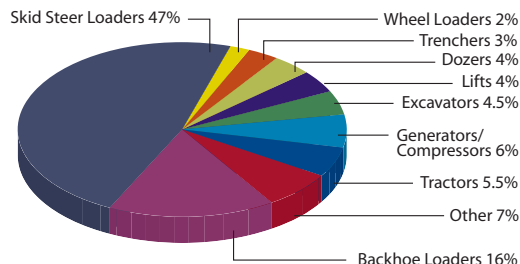


Figure 4B. Types of Equipment Recovered (2006)

NOTES

1. Figures do not reflect cases where an NER-assisted recovery led to additional recoveries.
2. Most recoveries have a unique circumstance, such as unusual placement, irregular method or timing of transport, missing decals, altered paint, or missing identification plates.

ANALYSIS

The types of equipment recovered most are usually the types of equipment stolen most. The gap between theft and recovery narrows as law enforcement looks more closely at the more frequently stolen machines.

Recovery by Manufacturer

With assistance from NER, law enforcement most often recovered the following brands in 2007:

1. Bobcat	6. New Holland
2. Caterpillar	7. Multiquip
3. John Deere	8. Takeuchi
4. Case	9. Komatsu
5. Kubota	10. Gehl

ANALYSIS

The top five manufactures account for 70% of all recoveries. The makes of recovered equipment closely mirror the makes of stolen equipment.

A close-up, low-angle shot of a white construction vehicle, possibly a loader or excavator, with a yellow text overlay. The image is dominated by the white metal body of the machine, with various mechanical components like hoses and a large tire visible. The lighting is bright and warm, creating a yellowish tint across the entire scene. A semi-transparent yellow rectangular box is centered horizontally and vertically, containing the text "BY THE NUMBERS" in white, serif, all-caps font.

BY THE NUMBERS

NER Statistics

The following numbers give a snapshot of NER's operations as of December 31, 2007:

15,294,010	Number of ownership records
\$15,190,956	Value of items recovered by law enforcement with the help of NER (See Note 1.)
\$16,860	Average value of machines recovered by police with NER assistance
150,000	NER equipment ID guides distributed to law enforcement
88,917	Theft reports in NER database
10,943	Fleets with equipment registered with NER
4,917	Law enforcement users
4,201	Theft reports submitted to NER in 2006
4,098	Rental stores or branches using NER's services
2,255	Officers attending NER equipment ID training classes in 2007
995	Attendees at FBI-LEEDA/NER's Regional Equipment Theft Summits in 2007
901	Recoveries made by law enforcement with the help of NER
46	Police training classes conducted by NER in 2007
23	States in which NER conducted training in 2007
6	Number of insurance companies offering incentives to register equipment on HELPtech [®] (See Note 2.)
6	Number of top ten equipment rental companies as NER clients (See Note 3.)

NOTES

1. Statistics don't include cases where an NER-assisted recovery led to additional recoveries.
2. Reporting insurance companies are Chubb, CNA, FFIC, Hanover, Lexington, and RLI.
3. Reporting rental companies are Hertz Equipment Rental Company, Home Depot, RSC Equipment Rental, Sunbelt, Sunstate, and United Rentals.



FINAL NOTES

Summary

It is clear from existing data that equipment theft is a serious problem. Estimates of the total value of stolen equipment range from \$300 million to \$1 billion annually. Those numbers do not include losses from business interruption, such as short-term rental costs, project-delay penalties, and wasted workforce and management time. By frequency of loss, theft is a greater problem than any other type of equipment risk.

Equipment-theft levels coincide with the amount of equipment in a particular area. The states with the highest volume of construction and agriculture report the largest number of thefts.

Mobility and value of equipment are the lead contributors in theft. Most thefts are from work sites with little or no security. Given two similar types of machines, a thief will steal the newer one, because it is more valuable. In contrast to the automobile industry, there is little difference in equipment security between a new machine and one made several years ago.

Law enforcement recovers as little as 6.5% of stolen equipment. Recovery locations and types closely mirror theft locations and types.

Conclusion

Equipment owners and insurers should focus risk-management efforts on easily transportable high-value equipment.

Equipment security and work-site security are important. Work-site security should be a priority, because equipment often sits in areas with little or no physical security.

Officers investigating equipment theft should focus on popular targets and look for red flags, such as location, type of transport, missing decals, altered paint, and, especially, missing identification plates.

The area that needs the most improvement is also the area that promises the greatest effect: supplying NER with accurate information so it will be available to law enforcement 24 hours a day.



2007 CASE STUDIES

RECOVERY AT TEXAS BORDER

Officer Mark Lay with U.S. Customs and Border Protection in Los Indios, Texas, became suspicious when individuals exporting a Caterpillar 420-D backhoe attempted to bypass inspection by putting the machine directly in line to cross the border.

Officer Lay reviewed the export paperwork and noticed that the product identification number (PIN) submitted appeared shorter than a typical PIN for that make and model.

Upon further examination, Officer Lay found a PIN on the machine different from the one listed on the paperwork. He ran both PINs against police computers but found no matching theft reports. Officer Lay contacted the listed seller on the export paperwork. It was an auction company that had not sold a Caterpillar 420-D in some time.

Officer Lay contacted NER for information on the machine's ownership history. A search of NER's databases located the machine's last known owner. As Officer Lay could not reach the owner, NER searched for insurance losses for the owner and found a matching claim. Based on that information, law enforcement seized the loader as a suspected stolen vehicle and turned it over to investigators with the Texas Department of Public Safety.

ONE RECOVERY LEADS TO ANOTHER IN SOUTH CAROLINA

Investigator J.D. Sanders of the Aiken County, South Carolina, Sheriff's Office received a tip about a suspicious backhoe loader in his jurisdiction. During his initial visit to the scene, Investigator Sanders recorded the product identification number (PIN) of the loader in question and also observed a tracked skid steer loader nearby without a clearly visible PIN.

Investigator Sanders used the backhoe loader's PIN to search state and national police computers but found no corresponding theft reports. Investigator Sanders and his colleague, Investigator Lynn Ghant, contacted NER for assistance. The investigators provided the PIN as found on the 2006 Caterpillar 420D-IT backhoe loader/integrated tool carrier. NER's databases yielded a matching theft report submitted by a member insurance company.

Investigators Ghant and Sanders used the information from NER to locate an original police report, allowing them to return to the scene and examine the machines again.

Someone had tampered with the skid steer loader's PIN plate, so an NER staff member talked the investigators through an examination of the loader. That process uncovered the original PIN, identified the machine as a 2005 Caterpillar 267-B, and located a matching theft report.

ARIZONA POLICE SPOT PLATE SWITCH ON STOLEN BACKHOE

While on patrol, Detective Scott Reutter of the Arizona Department of Public Safety noticed a Case backhoe loader in a hotel parking lot. As he had not seen the backhoe there during previous patrols, he decided to pull over and examine the loader.

Detective Reutter located the loader's product identification number (PIN) plate and used that PIN to search local and national police computers for any matching theft reports. He also called NER to help him identify the proper owner of the loader.

Using the PIN provided, NER searched internal databases and found a matching ownership record for the Boise, Idaho, branch of a national rental company that lists its inventory with NER. The rental company found the backhoe loader on the lot. The branch manager also discovered that its PIN plate was missing.

Detective Reutter examined alternative locations and component parts that allowed him to obtain the proper PIN. He searched police computers again and this time located a matching theft report filed in Nampa, Idaho. Law enforcement impounded the loader, and the victim claimed the recovered property.

NER TRAINING HELPS OKLAHOMA CITY COP BUST RENTAL SCAM

Inspector David Burnett of the Oklahoma City Police Department attended a heavy equipment identification training class sponsored by the Associated General Contractors of America (AGC) at its annual conference in San Antonio, Texas. NER instructors taught the class.

Only a week later, Inspector Burnett had an opportunity to test his new skills while examining machines at a local impound yard. He observed that a Bobcat skid steer loader, impounded with a suspicious trailer, appeared to be missing decals. Inspector Burnett recognized this red flag for identifying a stolen piece of heavy equipment. He located the loader's product identification number (PIN); however, his search of police databases did not return any matching reports. Still suspicious, Burnett contacted NER for assistance.

A search of NER's databases revealed a local rental company as the last known owner of the loader. The rental company confirmed that the current renter on record never returned the Bobcat. The rental company was in the process of filing civil charges against the renter and had not yet filed a police report.

That type of theft, known as conversion, occurs when a suspect rents a piece of equipment by using fraudulent identification and never returns the machine. In such cases, rental agencies must file a civil suit before filing a police report. The delay in filing a theft report creates a window of opportunity for the thief to transport and sell the stolen machine. In such cases, NER registration and the diligence of officers like Inspector Burnett are all that stand in the way of the thief.

CALIFORNIA SPECIAL AGENT FINDS MORE THAN ONE WAY TO ID STOLEN EQUIPMENT

During a recent property inspection, Special Agent Pete Callies of the San Mateo County Vehicle Theft Task Force was examining a large trailer-mounted generator. Someone had repainted the generator and removed all its markings.

For assistance in determining the machine's identity, Special Agent Callies called the NER 24-hour help line.

Based on the description given by Special Agent Callies, NER identified the machine as a Multiquip DCA series generator and provided alternative identification points. Special Agent Callies also located a partial vehicle identification number (VIN) for the trailer carrying the unit. An NER analyst used that information to locate a close match with a 2001 generator theft from a national rental fleet that registers its full inventory and equipment thefts with NER.

To confirm identification, NER contacted the manufacturer. Multiquip provided a short list of generators shipped to the fleet in question. The fleet's safety personnel were able to identify the missing unit from the list of machines provided by Multiquip. With that information and the details of the original theft report, Special Agent Callies was able to seize the machine. This is the first recovery of a Multiquip machine since NER and Multiquip's partnership began.

BUSTED INDIANA CHOP SHOP LEADS TO RECORD-BREAKING RECOVERIES

June 2007 was a historic month for the Lake County Sheriff's Department Auto Theft Unit in Indiana. Its well-coordinated investigation yielded the largest equipment recovery for this unit since its inception in the 1970s.

The Chicago Police Department tracked a stolen tractor, trailer, and excavator to an equipment yard in Indiana. The yard contained multiple commercial trucks, trailers, and construction equipment. Captain Rick Borchert, Detective Jamie Harris, and Sergeant Ted Mavity of the Lake County Sheriff's Auto Theft Unit responded to the scene because further investigation required the support of auto theft investigation specialists.

The officers quickly identified the yard as a chop shop for stolen machines. The unit recovered Freightliner, International, Mack, and Peterbilt tractors, as well as multiple trailers. Additionally, the officers located and identified two Ingersoll Rand compressors, a Thomas skid steer loader, a New Holland skid steer loader, a JCB telescopic material handler, and a DitchWitch construction trailer. Borchert, Harris, and Mavity identified all of the machines and returned them to their rightful owners, with help from NER, local dealers, and other agencies.

A well-organized theft ring operated the yard, affecting areas of Illinois and Indiana. The multistate investigation into their activities is ongoing.

As a result of the investigation, Borchert, Harris, and Mavity recovered a total of 27 items worth an estimated \$890,000.

NER AIDS ILLINOIS TASK FORCE IN BACK-TO-BACK RECOVERIES

Inspectors Jim Akers and Jim Holuj and their colleagues on the Tri-County Auto Theft Task Force in Illinois recently recovered several stolen machines.

The officers investigated a Bobcat S-250 skid steer loader shipped from a different state for a subsequent sale to an Illinois buyer. Inspector Akers contacted NER for ownership information; a detailed data search by NER confirmed his initial theft suspicion. This effort recovered a \$20,000 machine and returned it to the rightful owners.

Only a few days later, NER received a tip on a stolen backhoe loader located in Illinois. NER confirmed that the serial number provided by the caller matched an active theft record for a Case 580-Super-K backhoe loader. NER immediately turned over the details of the case to the Tri-County Auto Theft Task Force. Armed with detailed information about the missing unit, Inspectors Akers and Holuj initiated the investigation and mobilized the resources of multiple police agencies necessary to capture the stolen machine. They recovered the unit within 48 hours of the initial phone call.

ONE SUSPECT LEADS GEORGIA SHERIFFS TO HALF A DOZEN RECOVERIES

Two alert Monroe County Sheriff's Office deputies initiated a multiagency investigation and recovered hundreds of thousands of dollars in stolen heavy equipment. The Georgia office arrested one suspect.

Sergeant Todd Haskins observed a tractor trailer illegally parked on an Interstate 75 ramp. He confirmed the trailer was stolen in Jefferson County, Alabama, and arrested the vehicle operator.

Two pieces of Caterpillar equipment sat on the stolen trailer: a D-5-G dozer and a CP-433 single-drum roller. Faced with ownership questions on the Caterpillar machines, Sergeant Brad Christensen contacted NER for assistance. NER helped the officers determine that both machines were active thefts. Based on that information, Sergeant Christensen launched a broader investigation with the Macon Police Department. NER assisted the joint operation in determining the theft and ownership details on multiple units that the investigators' suspect possessed. By the end of the investigation, the recovered machines also included a Caterpillar 963 crawler loader, a 2006 Komatsu tracked skid steer, and a Caterpillar D-6-H dozer.

The recovered property had a total estimated value greater than \$300,000. The investigation continues with the possibility of additional equipment recoveries. The suspect was charged with three felony counts in Monroe County and released on a \$50,000 bond. He is currently in the Bibb County Jail on similar charges.

ROUTINE STOP IN NEW YORK LEADS TO RECOVERY SEVEN YEARS AFTER THEFT

Officer Nelson Robles of the New York City Police Highway Patrol Unit pulled over a transporter that was hauling a Caterpillar 325-B-L excavator. The officer suspected that the weight of the machine exceeded the allowed limits.

Officer Robles contacted NER for assistance with the machine's weight specifications. Before making the call, however, the officer obtained the product identification number (PIN) to confirm legitimate ownership of the excavator.

At 59,600 pounds, the machine exceeded the prescribed weight limits. Officer Robles was about to issue a citation when NER's PIN search brought additional results: The excavator was listed in a 2000 theft in New Jersey.

NER and the officer spent several hours recreating the chain of events and obtaining proper details about the 2000 theft. With assistance from insurance industry contacts and the initial police report, NER and Officer Robles assembled the information necessary to impound the machine.

The investigation recovered a Caterpillar excavator currently valued at more than \$80,000 and returned it to its legal owners seven years after the date of the theft.

NORTH CAROLINA DETECTIVES FOIL THEFT RING AND RECOVER MULTIPLE MACHINES

Detective Milton Teasdale of the Cherokee County Sheriff's Office in North Carolina pursued tips an informant provided on two stolen machines. With additional support from his colleagues, Detective Teasdale determined they were dealing with a well-organized theft ring responsible for many missing machines.

In addition to the first two machines, Detective Teasdale discovered six others; however, those were missing proper product identification numbers (PINs). Some stamped numbers also appeared altered, which hindered identification of the units. Detective Teasdale contacted NER for assistance.

NER identified the theft victims for several machines, including a 2006 Komatsu PC-50-MR mini excavator and a 2006 Takeuchi TL-150 skid steer loader. They identified seven of eight captured machines and will return them to their legal owners. The total replacement value of the recovered machines is an estimated \$400,000.



HOW TO USE NER

EQUIPMENT OWNERS

Register your equipment at www.StopEquipmentTheft.com to receive theft-deterrence decals and help police officers identify you as the owner of your equipment at any time of the day or night — even before you have discovered a theft.

WHY REGISTER?

- Reduce exposure to equipment theft.
- Increase the likelihood of recovering stolen equipment.
- Reduce insurance costs.

EQUIPMENT BUYERS

Buyers of used equipment may lose their entire investment if they buy stolen machines. Reduce the risk of buying stolen equipment by using IRONcheckSM before purchase. IRONcheck is a search tool of the NER database, the nation's largest database of stolen equipment.

Visit www.IRONcheck.com, or call 1-866-6-NERUSA or 1-866-663-7872 for more information.

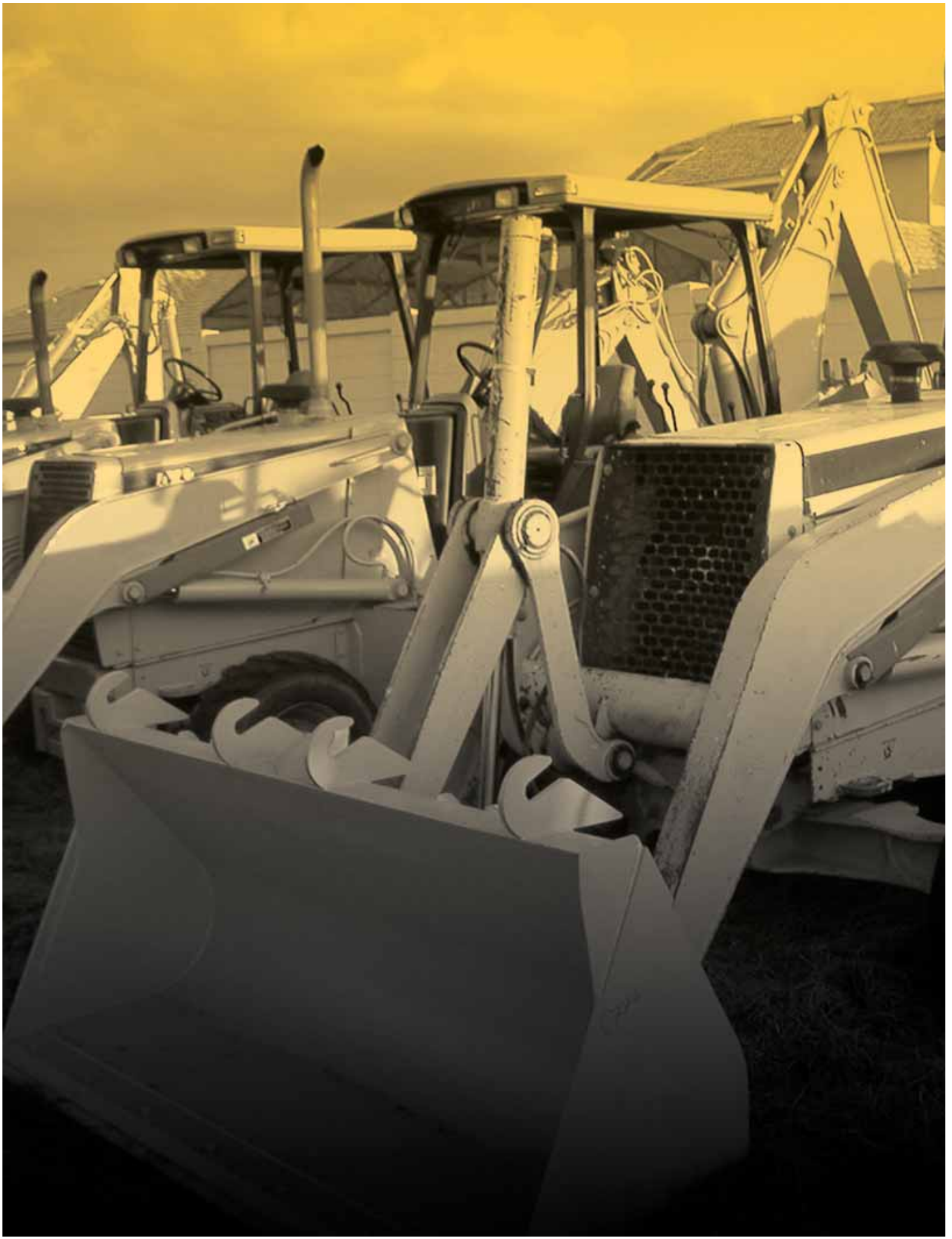
INSURERS

To increase the chances of recovering stolen equipment, insurers can register theft losses with NER through ISO ClaimSearch or directly with NER online at www.nerusa.com.

LAW ENFORCEMENT

Through a strategic relationship with the National Insurance Crime Bureau, NER provides:

- product identification number (PIN)/serial number locations and formats
- access to millions of ownership and theft reports
- more than ten years of auction results
- national rental fleet inventories
- regional theft alerts





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