TIMBER THEFT RING STEALS 900 LOADS OF TIMBER

February 2005

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INTRODUCTION: A major timber theft ring, operating in collusion with truck drivers, in-woods crew members, and a woodyard operator, stole $500,000 worth of timber from several large landowners. The logging contractor, highly regarded in the logging community and industry, appeared to timber managers and foresters to be honest and performed high-quality work. When required to adhere to security measures, the crew manipulated the security forms to create the appearance that all was well. The crew specifically stole from uncrused, “pay as you cut” tracts.

SECURITY BREACH/DAMAGE: Several factors combined to enable this theft to occur. First, the observant crew waited until they were placed on uncrused tracts where missing volumes would be nearly impossible for owners and forest managers to recognize. Cruise data (or, in this case, the absence of tract volumes) should be treated as confidential information and never discussed or given to those whose interests do not legitimately bear on it. Second, as the tracts were harvested, foresters established fixed patterns of tract inspections. Drivers would wait to commit the theft until dark, when there was no chance of a forester showing up for a tract inspection. Shipment records were partially completed, and security load tags were attached to the predestined stolen loads. However, once a safe distance from the tract, the drivers removed the security tags from the loads and kept these tags to be used again. Immediately after delivering the stolen wood to a local woodyard, the driver would return to the tract to replace the load with one of similar product, avoiding production variations. The incomplete shipment records were completed and corresponding security tags reused. Another complicating factor was the collusion between drivers, woods-workers, and buyers. Nine people were involved, including three truck drivers, four in-woods crew members, and a woodyard operator. The logging crew was able to divert approximately 900 loads of timber over a three-year period.

RECOGNITION: Aided by an anonymous tip received by the contracting forest products company, investigative resources were deployed. Investigators visited the logging site to begin covert surveillance of loads leaving the tract. After reviewing incomplete shipment records of a departing load (on the first night of the surveillance), the investigators followed the truck to its delivery point. The insightful investigators patiently waited until the load was accepted and a scale ticket was produced, documenting the fraudulent transaction. The entire episode was documented using video and still photography for evidence.

ACTIONS TAKEN: Additional investigative work included interviews of suspects and witnesses. The extent of the theft was determined from production records, scale tickets, and bank records. Law enforcement officers obtained statements from all suspects and presented the case to the state prosecutor’s office. All nine participants were prosecuted and charged with grand theft and organized fraud. The individuals pleaded guilty, were sentenced, and were ordered to pay restitution of approximately $500,000. One defendant received an 18-month jail term at a state prison, in view of having a past criminal record. The others received probation, community service, and restitution.
COMMENTS: This case demonstrates the level of difficulty in identifying suspicious activities associated with timber theft when controls are weak and multiple layers of collusion are present. It emphasizes the need to be diligent in controlling confidential information, altering tract inspection patterns, and persistently following up on suspicious delivery patterns or illogical transportation routes to intended mills. Realize that criminals look the same as honest people; controls should never be allowed to slide or break down based on one’s perception of another’s honesty. (This precept applies to logging business owners, too: employees and subcontractors may not all be trustworthy! Keep track of your crews’ production, fuel usage, equipment hours, etc., and investigate anything that doesn’t add up.) Finally, although security documents (such as shipment records and load tags) on their own are good deterrents, they should be augmented with additional security measures to be effective in identifying and reducing timber theft.

RECOMMENDATIONS: Organizations with exposure to timber theft should develop a timber security system and independently test the system on an ongoing basis. The system should include a method of recording production, identifying ownership of in-transit loads, and monitoring adherence to the procedures using a combination of the recommendations below.

1. Trend analysis: Ascertain a normal crew production given the equipment being used. Once a pattern of production is established, suspicious and unexplained variations in production can be investigated. If the business owner and managing forester are not regularly on the harvesting job, occasional surprise inspections should be made.

2. Confirm Deliveries: Train foresters randomly to confirm deliveries of trucks to intended destinations and verify scale ticket information. Once the driver has had ample time to reach the mill, place a quick call to the scales to confirm delivery ticket data. When loads are suspiciously late or don’t arrive, recommend video surveillance.

3. Video Surveillance: Establish a random system of monitoring logging contractors with surveillance cameras, especially when other controls such as cruise estimates are absent or signs of trouble are observed.

4. Cruise vs. Cut Analysis: Whenever possible, compare cruise estimates with the actual harvested volumes. Conduct investigations of anomalies and suspicious trends such as variances greater than 10%, tracts that cut out to the penny, tract cut-outs that are inconsistent with forester performance history, etc. Train foresters to use general terms when discussing tract volumes with contractors; once cruise volumes are removed, there is no need to discuss the tract status with the contractor. Tract data should always be kept confidential.

5. CCTV at Scales: Woodyard truck scales can be equipped with closed-circuit TV and a recording device. Security cameras can provide crucial evidence documenting delivery of stolen wood and aid in successful prosecution. This video record should be independently reviewed to further enhance scale house security.

6. If a theft is detected, allow the fraudulent activity to continue until investigators can build a case (that is, to document that the timber theft reaches the local jurisdiction’s felony prosecution financial level) and accumulate evidence by documenting the activity first hand.

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