



Equipment fraud on the rise

Improved anti-crime technology and the introduction of the Vehicle Identification Number (VIN) database has made it harder for criminals to steal and dispose of cars. Thieves are now increasingly turning their attention to business equipment theft.

Detective Sergeant Peter Ziser from the Queensland Police Service identifies a number of types of equipment fraud affecting Australian businesses. These include rebirthing of equipment to avoid repossession, ghosting, fraudulently dispensing of property, possession of stolen equipment and the rebirthing of written off vehicles.

Theft scenarios

Businesses are falling prey to both opportunistic and professional criminals.

There is increasing evidence that organised crime gangs with strong links to the construction industry are behind most instances of heavy equipment theft in Australia.¹

“Evidence shows that there are usually two types of equipment theft,” says John Reid, CEO of the Construction and Mining Industry Equipment Group (CMIEG).

“One is where equipment is taken by joy riders or vandals. This is usually found abandoned near to where it was taken – and hence is readily recovered, even if it has suffered some damage.

“The other is where the equipment is taken by organised crime gangs. They are professional, they know what they are doing because they are often heavily involved in the industry – and the stolen equipment is rarely recovered.”

**\\ One stolen excavator will easily bring in the same return as four or five Commodores, John says. **

Research into the cost of equipment theft in the construction industry indicates that it **may be as high as \$50 million a year** across the country.

Organised crime gangs are attracted to theft of heavy equipment because it consists of high-value products that can be sold relatively easily.

“The other thing that makes heavy equipment theft attractive and lucrative is that there is no consistent national and industry-wide system of easy identification – so there is no need for sophisticated rebirthing.

“It’s simply a matter of transporting the equipment interstate, perhaps giving it a new paint job and removing or covering over the owner’s identifying logos and phone numbers, and it’s very easy to sell,” John adds.

What are the key targets?

Equipment theft is **not restricted to heavy equipment**. One recent example was a Queensland organised crime syndicate that used a loophole in national boat registration laws to steal boats and re-register them in Queensland with new identifiers, then trade them interstate.

In 2014, the theft of tools from vehicles in just one suburb - Moonee Valley - equated to around \$57,000 in three months!

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Why is it so easy?

In the face of such sophisticated operations, many businesses are easy targets for smart criminals. Some of the ways businesses leave themselves exposed are:

- › inadequate stock takes
- › inadequate asset registers
- › poor physical security
- › poor records of movement
- › poor controls over purchase and issue
- › no accountability for usage
- › no serialisation of equipment
- › no or poorly maintained records of material usage for jobs

- › poor awareness of policies and instructions prohibiting ‘borrowing’ of tools and equipment

\\ There are many specific checks and balances that can be introduced into your business. \\

Securing your equipment

“An ounce of prevention is worth a pound of cure,” says Detective Sergeant Renee Kurtz from the Queensland Vehicle Crime Investigation Unit. “No matter what police skills or technologies we have to investigate thefts, at the end of the day, **prevention of theft trumps even the best of investigations.**”²

As well as the obvious deterrents such as making your equipment look hard to steal by keeping it in a safe, well-lit place and installing professional theft-deterrent systems, there are many specific checks and balances that can be introduced into your business.

Educating your employees

Your workforce can be either a risk or a potential ally in combating equipment theft. You need to clearly communicate an expectation of strict compliance with the company’s fraud prevention policy, particularly instructions prohibiting the loan of tools and equipment to staff. This practice is often seen by employees as a minor infringement, but it opens the door for more serious breaches.

Management responsibilities

There needs to be a commitment by management in areas such as:

- › management scrutiny of equipment requisitions - necessity for purchases/issues to be regularly challenged
- › results of stock takes reported to supervisors
- › scrutiny of reports by managers

Operational responsibilities

At an operational level the following should take place:

- › regular stock takes of tools and equipment - particularly those items attractive to thieves
- › no issue of materials, tools and equipment unless a valid job number exists
- › attractive tools and equipment to be engraved with identification numbers
- › reports relating to requisitions to be produced daily by the stores system and analysed at regular intervals by line managers
- › asset list and schedule of plant and equipment checked, certified, amended and maintained

Fight back with technology

It is possible that even with these comprehensive prevention methods in place a robbery could still occur.

Technology may be helping the criminals, but it can also **increase your chances of recovering your stolen equipment if you invest in recovery systems** with tag identification like Nano Tag and Data Dot. The National Equipment Register has been created by DataDotDNA and Crime Stoppers Australia as a way to empower police and deter criminals.

It is also essential that you have adequate insurance for your equipment. If you are unfortunate enough to be robbed, not only will you face the cost of replacing the equipment, there are significant risks to workplace safety, productivity losses and costly downtime in production.



1. www.cmeig.com.au
2. www.clubmarine.com.au