

A large pile of trash, including cardboard boxes, plastic bags, and other debris, is the central focus of the image. In the background, a blue dumpster is tipped over, spilling its contents. The scene is set outdoors with trees and a hazy sky in the distance.

Stealing Trash: Gray-Collar Crime

By Peter Lehman, Chair, Department of Sociology, University of Southern Maine, and Deputy Chief Mark Dion, Portland Police Department, Maine

Imagine for a minute that someone checks into a local motel for the night and charges the room to your account. That's a crime. You and the motel (and, perhaps, the potential paying customer who was turned away because the motel was full) are justifiably upset. Although different jurisdictions give it different names, this is a type of theft.

Every day, the same sort of theft—hundreds of thousands of dollars' worth—is being systematically committed in the trash industry. In 1990, the United States generated more than 195,700,000 tons of municipal solid waste—trash—or over half a million tons per day. Although exact figures are unavailable, the national average cost to haul and dispose of a ton of trash is estimated at \$125. This means that the trash disposal industry is a \$67 million per day—\$24.5 billion per year—operation in the United States. This is big business and a big opportunity for theft.

Trash haulers need to dispose of trash they collect from homes and businesses. The disposal fee, commonly called a "tipping fee" (because the trucks tip to dump their loads of trash), is typically between 30 and 40 percent of the haulers' costs. Obviously, there is an incentive to find lower tipping fees, or even to eliminate them completely. This is the incentive for theft.

Whenever there is a difference in tipping fees for different types of trash, there is an opportunity for theft. This may be a difference between the fees two towns have negotiated with a disposal facility, a difference between the fees for commercial and residential trash, or a difference between the fees at one municipality's landfill and another's. It may also be a difference in who pays the fee—for instance, where the municipality pays for one type of trash (typically residential) but not others (typically commercial). There may also be a difference between regular tipping fees and "spot market" rates when facilities (especially waste-to-energy incinerators) are short of trash.

When there is such a difference, haulers have both incentive and opportunity to dispose of the trash at the cheaper rate. All they have to do is lie about its origin.

For example, let's say the tipping fee for residential and commercial trash is

\$50, approximately the national average. The difference is that the town pays the tipping fee for residential trash, picked up from households, but charges the hauler (who, in turn, charges the customer) for commercial trash from business and industry. There is both incentive and opportunity for the haulers to claim their commercial trash as residential trash and charge it to the town's account. On a typical 25-yard compactor truck that holds 10-13 tons of trash, that would be an instant savings of \$500 to \$650 for the hauler—and an instant theft of the same amount from the town.

If this occurs just once a day, five days a week for a year, the hauler has stolen \$130,000 to \$169,000—with just one truck.

Thefts from towns and taxpayers can seem a bit abstract, of course. More concretely, the hauler in this example has stolen at least a couple of teachers from the local school system or police officers from the local department. Examined in this light, a successful investigation of this crime would more than pay for itself.

Think of a landfill as a huge motel, where each cubic yard is a room. The landfill charges the customer for the room, increasingly competing for paying customers. Like the motel, the landfill is selling space—capacity. Unlike the motel,

however, the room in the landfill can't be reused. This means that the hauler may be stealing not only the tipping fee, but also the landfill's finite disposal capacity, hastening the time when the landfill will need to be closed and replaced.

This was the situation in San Jose, California, where a large hauling company was charged with grand theft for dumping trash from other towns at the landfill and claiming it was San Jose trash.

Unlike landfills, disposal capacity at incinerators is reusable, just like the motel rooms. Like landfills and motels, incinerator facilities charge customers for use of the capacity and increasingly compete for paying customers.

This was the situation in the Portland, Maine, region, where haulers have taken advantage of different rates and billing for residential and commercial trash, as well as different rates for different communities.

Thirty-one communities in the Portland area have formed a cooperative organization to deal with trash. The Regional Waste System (RWS) owns and operates a waste-to-energy incinerator. In the early 1990s, tonnage at the RWS incinerator in Portland had been declining. Conventional wisdom suggested that this was due to recycling and the recession. Al-



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though this explanation is fairly common, it turned out not to be the case for RWS.

The Portland Investigation

The police investigative team examined RWS records for the previous five years—month by month—broken down by hauler and community. It found that the decline was primarily in commercial rather than residential tonnage—a major clue that commercial trash was being claimed as residential.

Further analysis found that the residential tonnage received (or claimed by the haulers) at RWS fluctuated inexplicably, at times far exceeding the "expected" tonnage from towns. The investigators arrived at an "expected" tonnage figure by multiplying the number of households in a town by their estimate of the average disposal for a household—45 pounds per week. Although a rough estimate, it clearly demonstrated a significant discrepancy between actual and expected tonnage. That analysis—a very clear indication that something was wrong—also provided an invaluable guide to further investigation.

In at least one case, the investigators found that, over time, one hauler's ratio of residential to commercial trash had reversed itself, with the residential in-

creasing and the commercial declining as the hauler increasingly mixed the two.

This analysis was the first step in the Portland investigation. The second step was to actually observe trash collection and disposal. The analysis allowed investigators to target specific companies and municipalities. Thus, the surveillance wasn't "cold"—the team had some ideas about who to watch and where.

Trucks were either picked up at the beginning of the day—coming out of their parking lot—and followed all day (or until they dumped their load), or picked up after dumping at RWS and followed for their next round of collection and dumping. This allowed the investigative team to identify exactly what was being picked up and where, where it was dumped and, if dumped at RWS, what the driver claimed about the trash in terms of origin.

In addition, teams at RWS and a competing incinerator identified the trucks dumping there. This allowed "spot checks" to broaden coverage; if a truck was observed picking up a load of commercial waste during the day, the investigators could find out whether that truck showed up at RWS and whether the load was identified as commercial.

Daily and monthly analysis continued

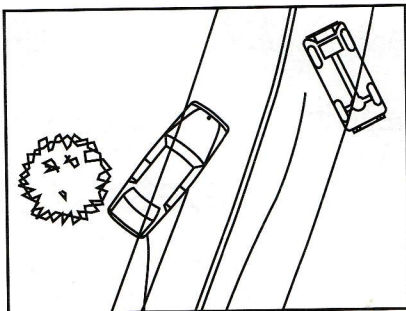
during this phase of the investigation. The actual "tickets" from the incinerator identifying the hauler, truck, tonnage and claimed source were delivered to the team each day. If a truck had been observed mixing residential and commercial trash during the day, the ticket from the truckload(s) was the final piece of evidence showing what the driver had claimed as the source of the load. In this way, the team also tied its observations into the overall patterns—where did what they observe show up in the records? Beyond demonstrating specific incidents, this analysis was essential as evidence that the observed activities were systematic, rather than isolated.

The third phase of the investigation was an examination of company records. The evidence collected during the first two phases was sufficient to obtain grand jury subpoenas for the financial records for the preceding five or six years for a number of companies. The laborious process of analyzing these records and comparing them to both the RWS analysis and the surveillance results took almost a year, hampered by some companies' refusal to cooperate. Hundreds of instances of theft by deception, unsworn falsification and theft of services were identified for one company. Thousands of instances

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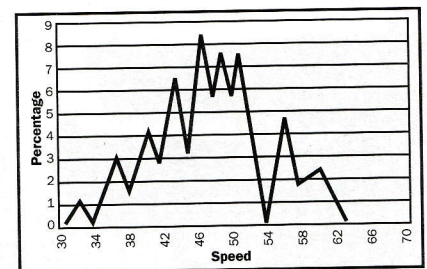


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were identified for another company.

This final phase focused primarily on customer lists and route sheets from companies. In some cases, the records clearly showed that a driver was assigned to a mixing route—one that called for him to pick up both residential and commercial in the same load. Customer records often showed the date and driver who picked up commercial trash. This was then compared to RWS records to determine whether that truck and driver went to RWS with that load and whether the trash was claimed as residential or commercial.

What Portland Found

The investigation found that the most prevalent crime being committed was to lie about the origin of the trash. This is fraud—"theft by deception" in the Maine criminal statutes.

Since most of the RWS communities pay for residential but not commercial trash, the most lucrative lie is to claim commercial trash as if it were residential, charging the commercial trash to a municipal account. For the hauler, this completely eliminates the tipping fee for commercial trash. The result is an instant savings for the hauler of \$61 per ton at the 1992 rate—or up to \$793 per truckload.

The more common practice is to mix commercial and residential trash. Even with mixed loads of half commercial and half residential, this nets the hauler up to \$396.50 per load. Three loads a day adds up to a savings of \$1,189.50. Doing this every weekday for a full year would total a savings for the hauler of \$309,270 for just one truck.

Mixing residential and commercial trash, however, can save the hauler even more than the \$61 per ton. It can save on transportation costs by cutting down on trips to the incinerator. Let's say, for example, that a hauler has half a truck's worth of commercial accounts in a town, as well as a number of residential accounts in the same town. The hauler is supposed to dump the commercial trash at RWS before returning to collect residential, but he saves a trip by mixing residential in with the commercial.

Haulers can also save travel in another way: they can mix residential trash from several communities. With good planning, this strategy can save multiple trips to the disposal site and, hence, considerable travel expense. Of course, it means that one town pays for another town's trash.

These schemes are astonishing for both their prevalence and their role at the center of a few—not all—of the hauler's

businesses. These are not occasional activities engaged in by rogue drivers who make a mistake or try to trim corners. These activities are assigned by the companies via route sheets—often computer-generated—that tell drivers which pick-up locations to cover each day, as well as their order.

The systematic and organized nature of these activities is further illustrated by what came to be called the "ghost fleet." One hauler registered only half his trucks. He then divided the license plates he received between his registered and unregistered trucks, placing the actual plates on the back of each truck and carefully printed cardboard plates on the front. Since it costs about \$2,800 to register and secure permits for these trucks, the hauler saved almost \$10,000 a year just by creating the ghost fleet.

More importantly, however, the ghost fleet facilitated the scams discussed above. In the words of one detective,

What was happening was that both of the trucks [a pair with the same license plate numbers] would start out in Portland in the morning. One would do a legitimate run in Portland and take it to RWS. The second truck would pick up half a load in Portland then go to [a non-RWS community], pick up half a load there, go to [the non-RWS

Stout

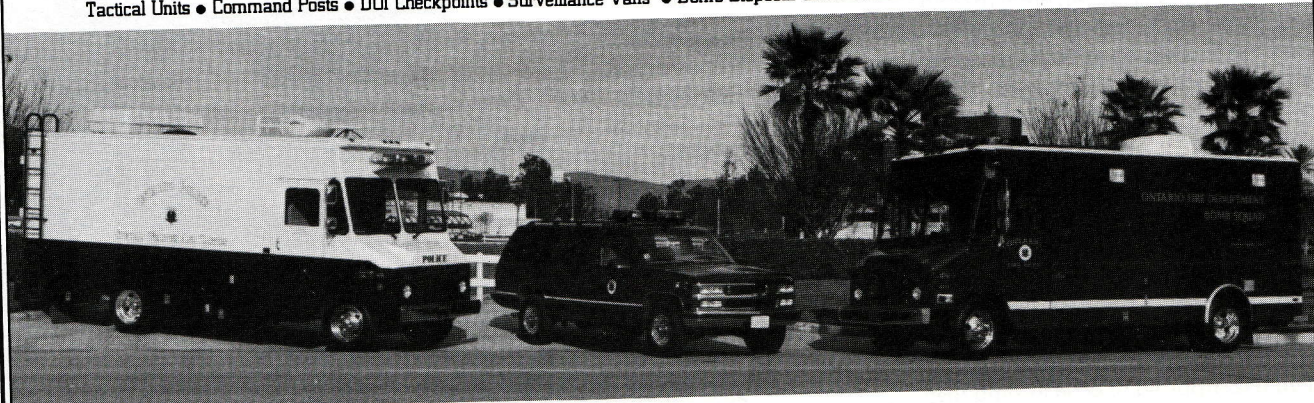
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incinerator] and say this is all [the non-RWS community's] trash. Now that half a load they picked up in Portland is being billed to the town of _____. They dumped it for free. That's probably \$1,000 worth of business straight in their pocket . . . The only thing they paid for was the fuel, the truck and the driver.

If either truck were observed in Portland, a call to RWS would confirm that a truck with that number had properly dumped and charged its load. But, in the meantime, the driver of the ghost truck was engaged in theft.

Recommendations

At least in Maine, this business-organized crime does not pervade the trash industry. Most of the haulers obey the rules most of the time. However, the criminal activities of even a few haulers can seriously unsettle the economic life of the whole community.

The greatest threat is that this sort of business-organized crime leads to a sense of futility, injustice and economic strain among honest companies. This climate provides fertile ground for the activity to spread as other haulers feel compelled to engage in the same activities to "level the playing field." As recent reports from New York and previous indictments in

New Jersey attest, the vicious circle can infect the industry as a whole.

What can be done? Begin by identifying where the differences in fees to the hauler occur, as these are major sources of opportunity and incentive. Next, get a quick read on the controls built into the trash system. What controls are in place? Is there an ongoing tonnage analysis? Although localities vary somewhat, and tonnage varies by season, 45 pounds of trash per week per household is a reasonable average. Portland found that some communities were paying for more than 100 pounds per week per household. Tonnage analysis should also track trends, including a monthly comparison with the same month in previous years.

If they are not already in place, institute controls to ensure that payments match tonnage. Another form of control essentially acts as a "chain of evidence." When a bag of trash is picked up, are there mechanisms to track where that bag came from and where it is going? Is there any way to tell? Breaks in the chain are windows of opportunity for haulers and windows of vulnerability for municipalities.

Make trash visible to your officers. At least one Maine community has heightened consciousness enough so that regular patrol officers have begun to note ap-

parent discrepancies, and occasionally follow trucks on their routes.

Identify an officer, or small group of officers, with environmental responsibility. Experience in fraud, conspiracies and surveillance, along with the ability to learn about the culture of your local industry, are recommended qualities. This sort of position might be expanded with training from the U.S. Environmental Protection Agency and the state department of environmental protection.

If a scan of the industry suggests systematic, organized crime, a special investigative task force is probably necessary.

Policing trash crime hardly has the glamorous aura of traditional police work. Yet this form of theft is just as real as taking cash from the till of the corner store. The difference is that there is a lot more money in the trash industry, and the crime is a lot more insidious. ❖

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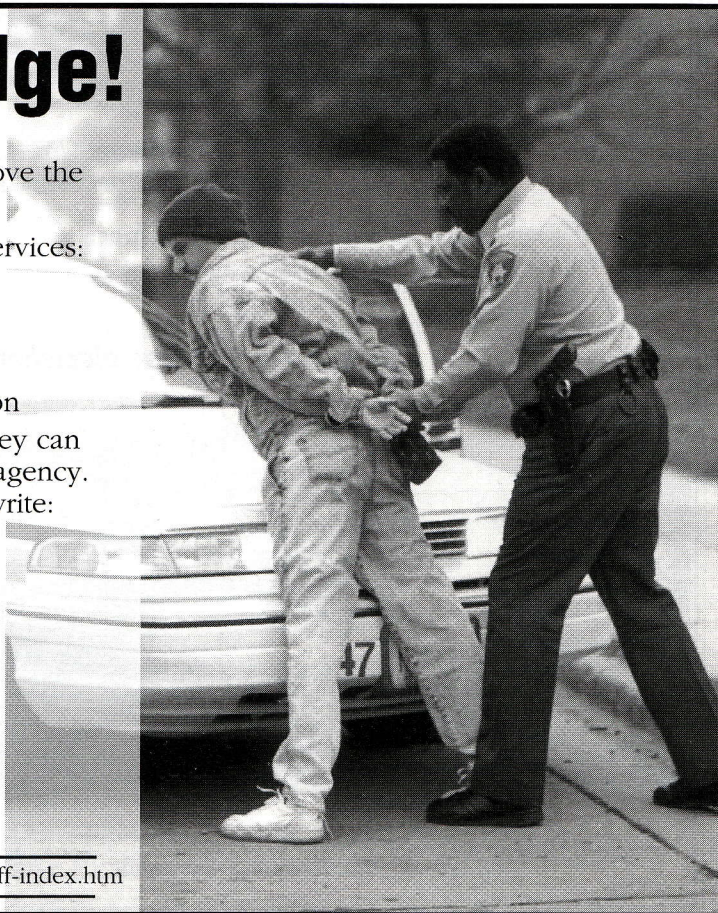


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