

***New Jersey  
State Commission of Investigation***



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**SCI EXPOSES CORRUPT COMMERCE  
DRIVEN BY HEROIN EPIDEMIC**

TRENTON – Corrupt operators in New Jersey’s loosely regulated secondhand goods and scrap industries are profiting from an illicit commerce in stolen metal and merchandise, spurring an underground economy driven largely by the heroin and opioid epidemic, the State Commission of Investigation said in a report released today.

The SCI found numerous examples of pawn shops, secondhand goods stores and scrap yards where owners and employees not only regularly accepted stolen goods – from jewelry to power tools – but in some cases directed customers, who were often addicts or former addicts, to steal in-demand items likely to maximize profit upon resale.

According to sworn testimony and documentary evidence obtained by the Commission, some of the individuals who were behind the sales counter in these illicit transactions were convicted felons and organized crime associates. The Commission estimates these businesses bought and sold tens of millions of dollars in stolen merchandise in recent years.

“The enormous cost of the illicit bargain between thieves and unscrupulous owners are borne by all New Jersey residents: the ratepayers who see higher bills for cell service and electricity; the consumers who pay more for goods at retail stores; the taxpayers ultimately responsible for replacing infrastructure that has vanished in the night,” the report states. “By providing an easy route for drug addicts and opportunists to cash in on stolen metal and merchandise, these enterprises have helped spawn an endless cycle of theft, one that law enforcement cannot keep pace with, much less end, without a muscular response from the State.”

The thefts included the widespread plundering of copper wiring and heavy-duty backup batteries from cellphone towers, which undermines cellular service during power outages, and the removal of wire from utility substations, compromising the power grid. The Commission found instances in which thieves ripped the risers from bleachers at schools, made off with aluminum street lamps from highways and stole bronze vases from graves.

In addition to issuing its report, the SCI today officially referred the findings to multiple state and federal law enforcement authorities, including the New Jersey State

Attorney General's Office, for whatever action is deemed appropriate. The investigative watchdog agency also recommended a range of statutory and regulatory reforms.

Among other things, the SCI recommended that the State Police oversee licensure of scrap yards and secondhand goods stores and require criminal background checks for all owners, partners, shareholders, officers and employees. Certain criminal convictions, including first-degree felonies along with crimes involving fraud, theft, deceit and receiving or selling stolen property, should preclude individuals from licensure. Further, the State should modernize and strengthen its regulation of the industry by requiring the documentation of certain identifying information about the seller of the goods, limiting the number of cash payments permitted monthly to sellers and prohibiting scrap dealers from buying metal marked as the property of telecommunications companies, public utilities and government entities.

The SCI also recommended that all secondhand goods stores and scrap yards be required to upload detailed sales transaction information to an online database accessible by law enforcement. In Maryland, the usage of such a database led to the recovery of nearly \$44 million in stolen property between 2010 and 2017.



*The State Commission of Investigation is an independent New Jersey watchdog agency established in 1968 to investigate organized crime and corruption, waste of tax money and other abuses of the public trust. Copies of public reports are available at the Commission's offices or via its Web site at [www.state.nj.us/sci](http://www.state.nj.us/sci).*