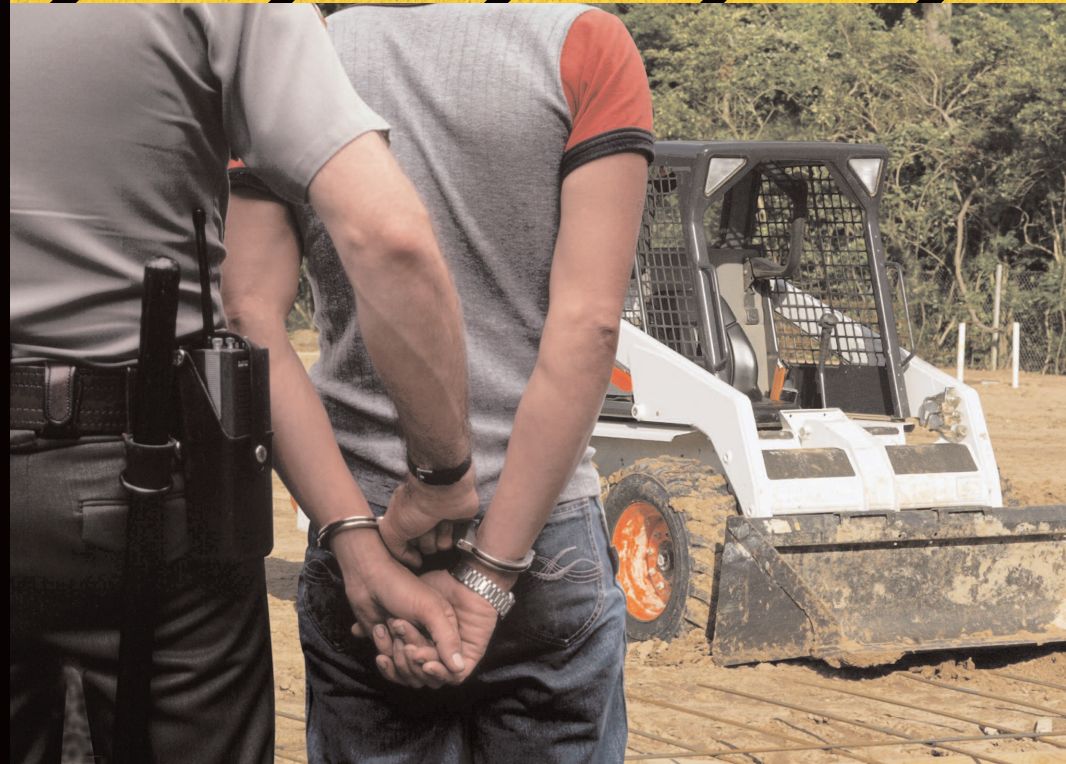


# 2006 CONSTRUCTION EQUIPMENT THEFT STUDY



**LO/JACK<sup>®</sup>**

FOR CONSTRUCTION EQUIPMENT

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## Heavy Construction Equipment and Theft — A Growing Criminal Trend

### **The LoJack Corporation Study On Construction Equipment Theft**

The criminal world has discovered a lucrative and growing market: heavy construction equipment. This growing problem is extremely costly to owners of construction equipment, who not only lose valuable equipment, but also pay the price of business downtime. According to the National Insurance Crime Bureau, close to \$1 billion a year is lost nationwide due to theft of construction equipment and tools. A 2005 equipment theft survey conducted by *Equipment Today* magazine shows that almost 72% of respondents have experienced equipment theft.

Despite the value of construction equipment and the direct impact that equipment loss has for the independent contractor, for the multi-million dollar contracting firm and for the economy in general, few hard statistics are available that document the issue of construction equipment loss on the local, state or national level.

In an effort to document and develop a picture of what construction equipment theft looks like nationwide, LoJack Corporation is compiling statistics from states and communities where construction thefts have occurred, and where police have succeeded in recovering LoJack-equipped construction equipment and vehicles.

LoJack realizes that the scope of the company's research cannot paint a complete picture of construction theft in the United States. The company believes, however, that the data collected over the past year, and portrayed in this paper, does illustrate a number of trends that may be useful to law enforcement and to equipment owners in the ongoing fight against crime.

During the twelve-month period from January through December 2006, LoJack tracked recovery reports in twenty three states where equipment theft was reported and where construction equipment outfitted with LoJack led police to recover the stolen assets. In those twenty three states, police reported that after tracking stolen equipment with a LoJack device, eleven theft rings and two chop shops were disbanded. Overall, over \$18,600,000 worth of assets were recovered in 2006 and since 2000 more than \$69,750,000 worth of stolen assets have been recovered as a direct result of LoJack.

## Most popular equipment with thieves are the most popular on the jobsite.

The equipment recovery data illustrated the most popular types of equipment for thieves. While a wide range of equipment is stolen every year, the following categories (ranked by frequency of theft) proved the most popular with thieves in 2006:

### 1) Backhoe Loaders / Skip Loaders / Wheel Loaders

Backhoes are multipurpose pieces of equipment needed on most jobsites. Since they can be used for many different jobs, they are a profitable piece of equipment. There is little visual differentiation from one backhoe to another and they all share a common key. So, they are prime targets for thieves based on the ease of theft and how hard they are to track.

### 2) Skid Steers

Skid steers are a very popular smaller piece of equipment that are versatile and multifunctional and can be easily moved from jobsite to jobsite. Based on ease of transport and the high demand on a jobsite, skid steers are a common equipment type for thieves. This may likely continue since there is a trend in the construction industry to produce smaller pieces of equipment.

### 3) Generators / Air Compressors / Welders (Towables)

Generators, air compressors and welders are versatile pieces of equipment, have high rental costs, and are easily attached to any trailer hitch. Generators are useful in the private as well as commercial sector and with such a high cost of energy today they are prime targets for theft. Air compressors and welders are also used universally in construction and are attractive to thieves looking to use them on another job or resell them below market value.

### 4) Forklifts and Scissor Lifts

Forklifts and scissor lifts are small and versatile and relatively easy to steal. They are commonly stolen from both warehouses and jobsites.

### 5) Light Towers

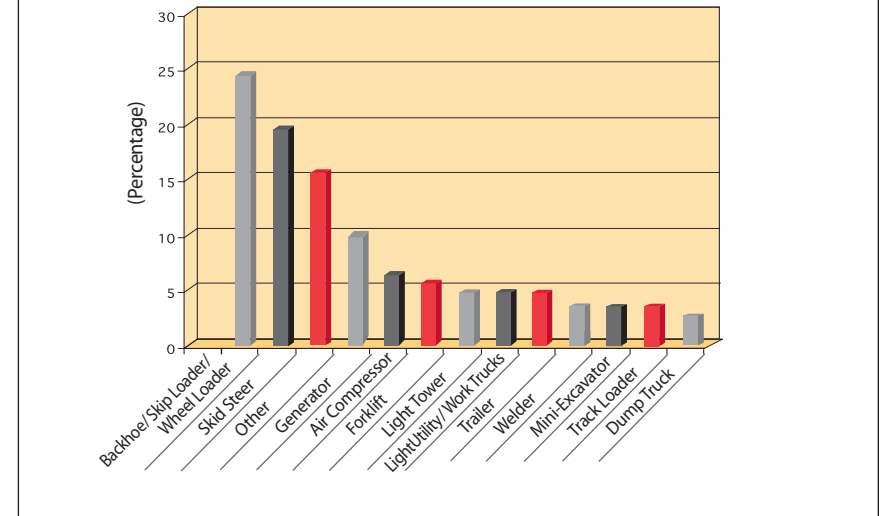
Light towers are popular pieces of equipment on the jobsite and can be moved easily.

### 6) Light Utility / Work Trucks and Trailers

Light utility trucks and work trucks often carry expensive equipment and parts. They can be quickly disassembled and sold and are stolen for both their contents and their parts. Trailers are commonly stolen because they carry other equipment and are very popular.

### Percentage of Recoveries by Type

January 2006 to December 2006



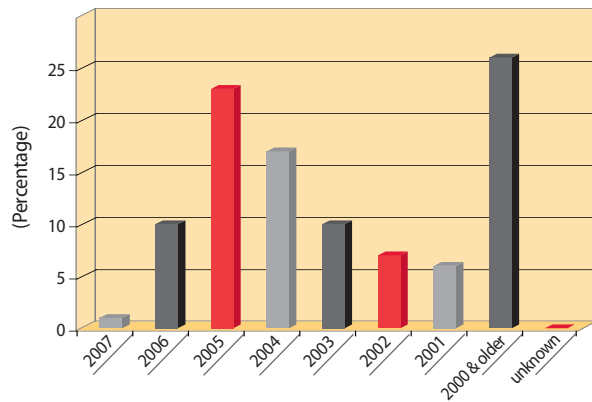
### Newer models have greatest incidence of theft.

Not surprisingly, newer models are more often stolen than older equipment, as the resale value of new equipment is greatest. In 2006, 68% of the equipment stolen was five years old or less.

### Professional construction theft rings are growing.

Professional thieves appear to have discovered a lucrative market in construction equipment. Thieves appear to be re-selling the equipment to unsuspecting contractors or in a few cases, disassembling the equipment into pieces for re-sale as parts. Around 4% of recoveries of LoJack-equipped construction equipment led police to the discovery and subsequent recovery of additional construction equipment. Specifically, two chop shops and eleven theft rings were disbanded, which resulted in the recovery of \$3,000,000 in additional equipment.

### Percentage of Recoveries by Model Year January 2006 to December 2006



#### There are a few causes for this growth in theft:

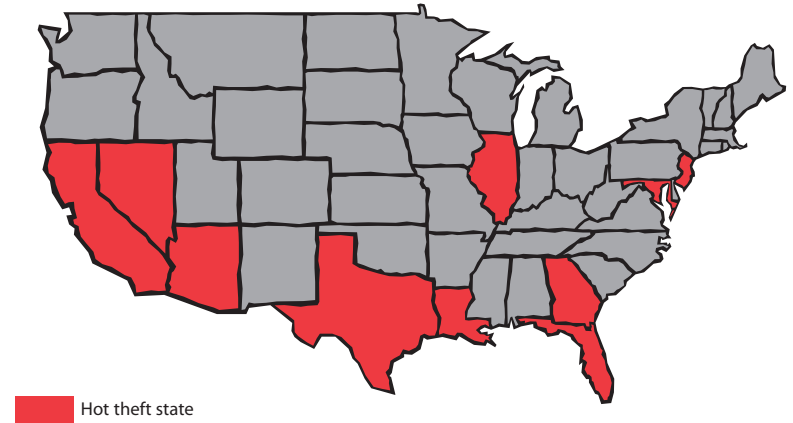
- 1) Titling and registration of equipment is not mandated.
- 2) Equipment is identified by Product Identification Numbers (PIN)s, not the standard 17 digit Vehicle Identification Numbers (VIN)s used for cars and trucks.
- 3) There is a high demand for construction equipment.
- 4) There is often poor security – remote, poorly secured work sites on private land, “open” cab machines, and universal keys that work on a number of pieces of equipment.
- 5) It has become harder to detect theft.

#### Theft is concentrated in those states that are growing rapidly.

Rates of equipment theft and recovery were highest in those states where a rapid growth rate is fueling many construction projects. Also, in 2006 theft increased in Louisiana where the need for construction equipment increased its demand and led to increased theft. Based on LoJack's recovery data, the states with the highest occurrence of equipment theft were:

- |               |               |               |
|---------------|---------------|---------------|
| 1) California | 5) Georgia    | 9) Illinois   |
| 2) Florida    | 6) Nevada     | 10) Louisiana |
| 3) Texas      | 7) New Jersey |               |
| 4) Arizona    | 8) Maryland   |               |

### Hot States for Theft January 2006 to December 2006

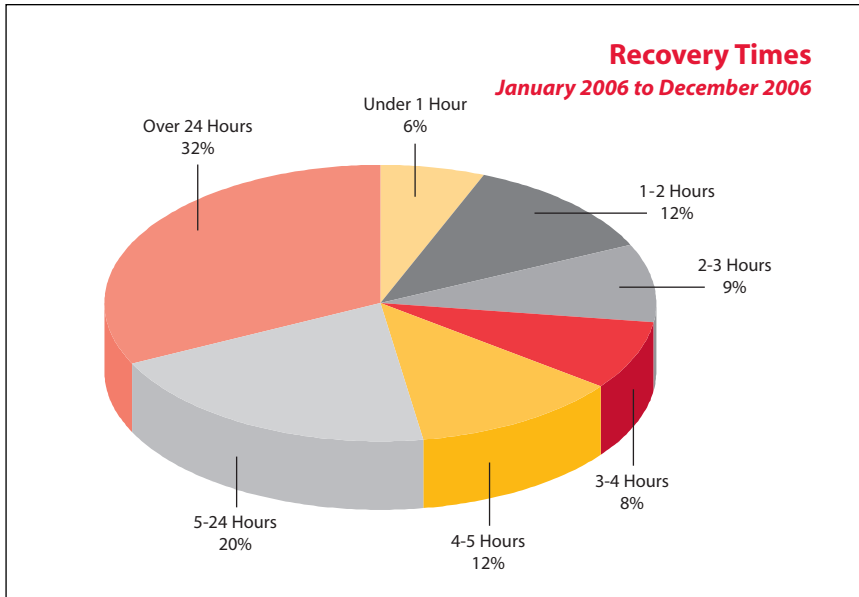


#### Theft is localized.

Construction theft continues to be a local issue. In 98% of the cases, the stolen equipment was recovered in the same state the theft was reported in. It was either in storage or in use on a local jobsite. Unlike auto theft, which has a higher incidence in major cities around the country, construction theft is not confined to city streets and urban areas. Suburban regions where construction growth is prevalent and where construction vehicles are at work on active jobsites are high-risk areas.

#### Short recovery times result in minimal damage to equipment.

Some 68% of the LoJack-equipped construction equipment was recovered in less than twenty-four hours after being reported to the police, with 6% recovered in less than an hour. This quick recovery has resulted in minimal damage for equipment managers outfitting their fleet with LoJack. The vast majority of equipment stolen and recovered with LoJack was undamaged. Conversely, a 2005 survey done by *Equipment Today* showed that 55% of the responders who lost equipment due to theft didn't recover it until one week later or longer and it was returned damaged 65% of the time.



#### Industry's top brands are in demand.

Half of the thefts in 2006 were from the following top manufacturers.

- |                         |                      |
|-------------------------|----------------------|
| 1) Ingersoll Rand – 18% | 3) Caterpillar – 11% |
| 2) Case – 11%           | 4) John Deere – 10%  |

#### Conclusion:

Based on LoJack's 20+ years of tracking and recovering valuable mobile assets, it has become clear that thieves target lucrative properties that can be stolen with as little difficulty as possible, and then turned around quickly for cash. While police around the country have actively cracked down on auto theft, criminals who would have traditionally stolen automobiles have now discovered that equipment theft is also a lucrative business. The data collected during this twelve-month review of construction thefts and recoveries begins to illustrate how and why construction theft is becoming an issue of concern to the industry as well as the police.

*Note: This report represents an analysis of twelve months of construction recovery data by the LoJack Corporation. Every twelve months ongoing, the LoJack Corporation will release recovery data and analyze trends.*

**To learn more about LoJack for construction equipment and recent recoveries, visit the LoJack website at [www.lojack.com/theftfacts/index.cfm](http://www.lojack.com/theftfacts/index.cfm).**

## Selected LoJack Recovery Stories

### \$400,000+ In Equipment Recovered!

A 2000 John Deere 310E Backhoe Loader was secured at a work site in Houston for the weekend. When the foreman arrived at the site on Monday morning, January 23, 2006 he discovered the backhoe missing. The Harris County Sheriff's department was notified of the theft and a theft report was completed. The equipment information was entered into the State and National Crime Computers. This entry automatically activated the LoJack hidden on the backhoe.

Early the next morning, a Houston PD helicopter picked up the LoJack signal on the police tracking computer. They tracked the signal to a location in North Harris County. Harris County deputies and the Texas DPS Motor Vehicle Theft Service were called in and a written consent to search was obtained. Along with the 310E backhoe, equipment and trailers with an approximate value of \$388,800 were recovered. Some of the equipment recovered were a 2002 Case 580 Backhoe, 2005 Trailmaster flatbed trailer and a 2003 John Deere 450H Dozer.

The next day sergeants with the Motor Vehicle Theft Service accompanied by members of the Harris County Auto Theft Task Force conducted a consent search of additional property and recovered more stolen property. This included a 2001 Kioti DK40 tractor, 2005 Honda motorcycle and 2004 Big Tex trailer. This one LoJack led to the recovery of over \$400,000 worth of equipment!

*Approximate Recovery Value for 2000 John Deere 310E Backhoe Loader: \$30,000*

### LoJack Leads Police to Compressor in Container!

On April 11, 2006 a construction company in Jersey City, NJ realized that a 1999 Ingersoll-Rand Air Compressor was missing. They notified the Jersey City Police of the theft. The police entered the compressor information into the CJIS/NCIC computer which automatically activated the LoJack hidden on the equipment.

Not long after activation, law enforcement agents picked up the LoJack signal coming from Port Newark, a 930 acre location where 3 million containers pass through each year. The signal was isolated to one container among thousands and when opened not only was the LoJack-equipped air compressor found but a second stolen air compressor that was not LoJack-equipped was recovered. They had been stacked one on top of the other. The container as it turns out was soon heading to Venezuela.

The construction company was very happy to get their air compressor back and realized that without LoJack they never would have gotten it back as it was leaving the country. The owner of the second air compressor was equally happy with LoJack as it meant that their equipment was also recovered.

*Approximate Recovery Value: \$12,000*

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### **One Company's Problems: Emblematic of an Industry Issue**

One of LoJack's customers is a multi-faceted, national contracting company that serves businesses and governmental agencies. The company has been in business for more than 75 years and takes enormous pride in its dedication to serving its customers in a timely and cost effective manner. As such, the company did not want construction theft to impact its high standards of customer service in any way-but the theft issue for the company was very real.

"Our company was experiencing problems with equipment and vehicle theft and needed protection," said the Vice President of Operations, who has been with the company for more than 35 years. "A minimum of six trucks were being stolen each year, resulting in thousands of dollars in lost revenue," he added, noting that some of the company's loaders alone are valued at more than \$100,000.

### *The Solution: More Than Protection; the Recovery of Assets*

At the rate of losing six pieces of equipment per year, this company needed a way to protect its assets. Luckily for the company, it was a client of St. Paul Travelers, one of the largest and longest-tenured construction underwriters in the United States. St. Paul Travelers was very familiar with the theft problem and had created a plan to help its customers deal with this growing issue. Its plan was first to find a technology solution designed to recover insured equipment if stolen-because mere theft protection alone had proven unsuccessful in thwarting thieves. To accomplish this, St. Paul Travelers teamed with LoJack to offer LoJack Stolen Vehicle Recovery Systems to its policyholders.

### *The Results: Theft Protection that Delivers*

The company made a strategic decision to purchase LoJack systems through St. Paul Travelers to protect its assets from theft. According to the VP of Operations, the LoJack system has delivered on its promise. "We have a very high recovery rate with LoJack, so we use the system as standard procedure. If we buy a piece of equipment or vehicle and it can be equipped with LoJack, then we do it," he said.

Just this past June, the company had a Caterpillar Bulldozer stolen from one of its sites near Newark Airport in New Jersey. When workers arrived at the site one morning, they realized someone had stolen their bulldozer valued at more than \$100,000. The company immediately notified the Newark police who entered the information on the stolen unit in the National Crime Computer. The software in the crime computer matched the vehicle identification number to the LoJack serial number, which instantly activated the LoJack Stolen Vehicle Recovery System concealed within the bulldozer. The transponder then began emitting a silent radio signal that could be picked up by LoJack Police Tracking Computers that were installed in police vehicles and aircraft. Within five hours, the police tracked the signal to a building in Elizabeth, NJ where the equipment had been concealed. The police gained entry into the building and arrested two suspects for possession of the unit.

The handy work of professional thieves is all too familiar to the company. They had a generator stolen that nearly found its way to another country, but luckily was found in time via the LoJack system. In July 2005, only a month after its bulldozer was recovered, they discovered that an Ingersoll-Rand generator was missing from one of its sites in Newark. Approximately 10 hours after they reported the equipment missing, the police, using their Police Tracking Computer, tracked and recovered the generator which had been hidden behind a building under a tarp in Paterson, NJ. Evidence found at the location indicated that the unit was to be shipped to the Dominican Republic.

"There were two sea containers in the back yard and one of them was earmarked for our generator. If it wasn't for LoJack, our generator would have been on its way to the Dominican Republic never to be found," said the VP.

In another instance one of the company's trucks was stolen and law enforcement, using the LoJack system, tracked and recovered it in a matter of an hour in a chop shop. In that case, the police arrested three thieves.

Since they began installing LoJack, the system has helped to recover eight pieces of equipment, including vans, dump trucks, air compressors, backhoe loaders, bulldozers and generators – together valued at a total of approximately \$287,000.

"The results have just been excellent," the Vice President said, noting that the system truly pays for itself. "The chances of recovering a piece of equipment without LoJack are very slim, less than 10 percent. With LoJack, one recovery can actually pay for installing LoJack on equipment for the entire company."