Jewelry and Gem Theft
Jewelry and Gem Theft

Jeweler’s Security Alliance

- Jewelry and Gem database
- Security Alerts
- Private Sector
- Expert testimony
- Crime Statistics
- Most Wanted
- Messages/Alerts
- Jewelerssecurity.org
Jewelry and Gem Theft

- Algeria – Hostage Taking
- Charles Taylor (Liberia)
- Brussels 2013
- Blood Diamonds
- South American Theft Groups (Colombians)
- Smash and Grabs
- YACS
- Rooftop burglars
- GateCutters (2006/2007)
- America’s Most Wanted
Jewelry and Gem Theft

Flawless Diamond Unearthed in Botswana Fetches $26.7 Million
Jewelry and Gem Theft
Gemological Institute of America

- Two weeks of specialized law enforcement training at the GIA World Headquarters in Carlsbad, CA
  - Grading diamonds and gems - 4-Cs (Color, Cut, Carat, Clarity)
  - Mine to Market
  - Hallmarking
  - Modus operandi of sophisticated criminal enterprises
  - Fencing process
  - Identification of diamonds and gems
  - How value is determined
  - How stones are graded and tracked
  - Identification of precious metals
  - Hallmarking of jewelry and watch identification and tracking
  - Develop established and meaningful relationships with local and international police agencies and private industry
Outline

- Partnerships/Networking
- Organized Crime
- Major Theft Threats
- Jurisdiction
- Undercover Operations
- Legislation
- Challenges

Major Theft – a gateway crime!
US Code Violations

- Title 18, USC, Section 659, Theft From Interstate Shipment (10 years, fine).
- Title 18, USC, Section 2314/2315, Interstate Transportation of Stolen Property (10 years, fine).
- Title 18, USC, Section 1951, Hobbs Act/Conspiracy (20 years, fine).
- Title 18, USC, Section 1956, Money Laundering.
- Title 18, USC, Section 1961, RICO (20 years, fine).
- Title 18, USC, Section 2117, Breaking or Entering Carrier Facilities (10 years, fine).
(U) Whoever transports in interstate or foreign commerce any goods, wares, merchandise, securities or money, of the value of $5,000 or more, knowing the same to have been stolen, converted or taken by fraud
Keep in Mind

- Most jurisdictions require $100k
- ITSP (ORT/Cargo Theft) is a Gateway Crime
- ITSP is a predicate offense for RICO
- ITSP is an SUA for money laundering
- Joe Pistone (Donnie Brasco)
- Al Capone (Alcatraz 10 years)
- NIFFI
Major Theft – a gateway crime!
Think Global

You Are Only Limited By Your Imagination
Typical Hierarchy

LEADER
Multiple Cells
Multiple States

Cell Leader

Broker/Fence

Distribution Network

Multiple Locations

After-hours and on-call

Warehouse Manager

Theft Crew

Company Employees

"Driver Give-Ups"

Driver

Pin Lock specialist

Surveillance Team

Security Guards

Cargo loaders/unloaders

Dock Workers
Informants

www.funnyplace.org
Undercover Operations

Undercover Employees

- Backstopping
- There is no such thing as “perfect” cover - risk management
- You **WILL** not get a second chance to make a first impression
- Public source data bases: vulnerability or advantage?
Undercover Operations
Modus Operandi (MO)

- Weekend campaigns
- Under the cover of darkness
- No paperwork or not legitimate
- Cash transactions
- No receipts
- Names not discussed
- Random meeting locations
- Fixed quantity
- Product sold for less than wholesale value
Operation Helping Hand
Advertising/Marketing

Generating interest!

Target selection

- Informants
- UC Agents
Undercover Warehouse
Operation Helping Hand

Undercover Meeting
Operation Helping Hand
Los Angeles, CA
Stolen Cargo
$500,000 of Macintosh computers stolen

Denver police said today that some of the computers may have been found, although investigators also said that they were still trying to locate them.

"Certainly, it's a big loss," said Denver police Sgt. Stephen Tangen.

Theft of the computers was described as one of the biggest cargo thefts in Colorado.

The theft occurred in a trailer parked along a road near the industrial park.

Many of the stolen computers were supposed to be distributed to schools in the area.

The Denver Post, August 23, 1999
Seized Property
Medical Supplies
Canned Tuna
Men’s Suits
$2 Million
Tires
Interesting Story
Operation Helping Hand

Results

• Undercover Warehouse
• 2 years
• 100+ Arrests
• 100+ thefts identified
• $14,000,000 stolen property
• $8,378,121 Court-ordered restitution
• Los Angeles, CA; Portland, OR; Seattle, WA; El Paso, TX; Denver, CO
• CHP, LBPD, LAPD, INS, IRS
Juan Luis Villalobos

- 87 Months Jail
- $4,925,652 Restitution
- 3 Years Supervised Release
- Thefts in California; Denver, CO; Portland, OR; Seattle, WA; El Paso, TX
Where does the stolen cargo go?

- **El Paso** is the gateway to Mexico
- **Miami** is the gateway to Central/South America
- **Los Angeles** (seaport)
- **Memphis** (Federal Express)
- **Black/Gray** market in the United States
- **Ebay and Craig’s List**
- **Money Laundering** - Criminal proceeds used to fund other crimes
Victims

- Retailers
- Manufacturers
- Logistics providers

- Insurance companies
- State & local government
- Customers
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• Challenges
Legislation

– PATRIOT Reauthorization Act of 2005
– Passed March 9, 2006
– Created cargo theft category in Federal Uniform Crime Reporting System (UCR)
– Implemented January 2010
– First UCR code since 1990 (Hate Crimes)
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“[Explaining why she never felt guilty about her shoplifting arrest]: I didn’t have this tremendous sense of guilt because I hadn’t hurt anyone. Had I physically harmed someone or caused harm to a human being, I think it would have been an entirely different........”  --Winona Ryder
Challenges

• Understanding the totality of the crime problem
  – Cargo Theft data misleading – crimes not reported:
    • Where did the crime happen?
    • What crime occurred (auto/cargo)
    • Insurance premiums
    • Reputation
  • High profits, low risk
  • Employee involvement
  • Uniform Crime Reporting (Similar State Violations?)
  • Penalties
  • Costs
• Recovery - Is the property stolen?
Challenges

- International Cooperation
- Once Stolen, Always Stolen?
- Prosecution difficult / penalties small
- Burden of proof challenging given complexity
- Threats and Priorities
Why Cargo Theft?

Diversification of Drug Cartels

• Gross margin
• Startup costs
• Shrinkage tolerance
• Internal Theft
• Possession and knowledge
• Marketing strategies (overt/Ebay)
Why Cargo Theft?
Why Cargo Theft?
Puts food on the table!
Side effects of drugs
• Major Theft violations – **GATEWAY CRIMES**.
• Emphasis on Money Laundering/Forfeiture Statutes.
• Disruption and Dismantlement.
• Increased coordination between *private industry*, the FBI and other government entities in combating major theft investigations.
• Private sector resources.
• Priorities based on threats.
• Undercover Operations.
• FBI Legal Attache’ – 76 key cities globally, covering more than 200 countries.
Money Laundering

$24 Million

$36 Million
First Fugitive Billboard
Video

New Techniques
Thank you!

UC Eric B. Ives
FBI Headquarters
Washington DC
eric.ives@ic.fbi.gov