

Business

Sun. 07.11.10

Wholesale theft

Security questions turn North Jersey warehouses into tempting targets

By **ANDREW TANGEL**
STAFF WRITER

Sitting in New Jersey's vast warehouses are millions of dollars worth of products prized by thieves – electronics, prescription drugs and jewelry.

February's brazen daytime heist at a Carlstadt warehouse – in which gun-wielding bandits tied up 11 workers and made off with \$1 million in perfume and fragrances – highlighted threats facing the “supply chain” that gets products from factories to store shelves.

While such armed robberies are rare, experts say burglaries and thefts from warehouses and distribution centers are more common. Since the February robbery, Carlstadt reported \$115,775 worth of women's jeans stolen from a Barell Avenue warehouse in April, according to police records.

“There's plenty of them [warehouses] that are surprisingly unprotected,” said Dominic Fittizzi, a real estate broker who specializes in industrial properties with the commercial real estate brokerage NAI James E. Hanson.

Aided by sophisticated tools and sometimes lax security, thieves – particularly those working in organized rings – can threaten companies' valuable assets from assembly lines to warehouses to trucks to store shelves.

High fences, vaults, security cameras and alarm systems can transform warehouses into fortresses, but the defenses' ability to withstand attacks depends on the thieves' sophistication.

“Companies are nowhere near as well-protected as they think they are before they are victimized,” said Barry Brandman, president of Midland Park-based Danbee Investigations, which consults businesses on security issues and helps them track stolen merchandise. “They make the mistake of confusing good fortune

See **SECURITY** Page B-2

Snapshot of high-value cargo thefts in North Jersey since December 2008

Date	Theft location	Stolen items	Value
12/08	Saddle Brook	Women's jeans	\$200,000
01/09	Ridgefield	Power tools	\$141,000
02/09	Clifton	Sausage	\$60,000
02/09	Moonachie	Dunkin Donuts' Coffee	\$300,000
03/09	Wayne	Antifreeze	\$10,000
03/09	Secaucus	Perfume	\$1.2 million
07/09	Secaucus	Brand-name Purses	\$800,000
08/09	Mahwah	Domino sugar	\$65,000
08/09	North Bergen	Cheese	\$100,000
10/09	Clifton	Rocawear men's Clothing	\$500,000
01/10	Secaucus	Perfume	\$122,000
01/10	E. Rutherford	Oriental Carpets	\$75,000
02/10	North Bergen	Wigs	\$185,000
02/10	Secaucus	Rice and beans	\$137,000
02/10	Denville	Dresses	\$100,000
04/10	Secaucus	Cigarettes	\$4,000
04/10	Secaucus	Cellphones	\$55,000
05/10	Secaucus	Red Bulls Clothing	\$53,000
05/10	North Bergen	Cheese	\$90,000
05/10	Carlstadt	Fruit syrup	\$48,000

Source: New Jersey State Police

Note: The details contained in a database provided by a state police spokesman are sketchy and do not provide other circumstances of the thefts nor information about how the cases were resolved.

Cargo thefts in New Jersey

Year	Thefts reported	Total amount
2005	109	\$60,235,476
2006	75	\$20,517,981
2007	97	\$14,987,830
2008	100	\$14,543,222
2009	75	\$24,092,316
2010	52	\$6,539,678

Note: 2010 figures are as of June 30. These are only cargo thefts reported to the New Jersey State Police directly or by local police departments. The supervisor of the state police cargo theft unit estimates the statistics show only 5 percent to 10 percent of all cargo thefts, which may go unreported by companies that are victims.

ILLUSTRATION BY LANCE THEROUX / STAFF ARTIST

Security: Warehouses tempt thieves

From Page B-1

with good security. There's a difference in being good and being lucky."

'NYPD! Hands up!'

On Feb. 9, robbers with guns and flashing badges stormed into the warehouse of In Style USA, a high-end perfume distributor, at 700 Gotham Parkway in Carlstadt.

"NYPD! Hands up!" yelled the alleged robbers, according to court documents. Authorities have alleged the team included three rogue New York City police officers. A team of 16 day laborers helped load the merchandise onto trucks, authorities have said.

In Style USA had cameras and recording devices. "It was a good system," Carlstadt police Detective John Cleary said. But the thieves took the surveillance equipment before leaving.

Most warehouse thieves do not use violence, industry and law enforcement experts say. Instead, thieves tend to strike warehouses at night and on weekends, when fewer people are working.

Often, the thieves have connections to their targets – through current or former employees or vendors, say law enforcement and industry experts.

They sometimes take covert pictures of the facilities. In one case, Brandman said, thieves planted a wireless camera on a trash can nearby to capture a supervisor keying in his alarm code.

"These are highly organized

crime rings," Brandman said. Many of the rings are based in southern Florida and Southern California, but operate throughout the country, and sell purloined merchandise through illicit distribution channels, he added.

For companies, thefts of inventory can lead to increased insurance costs, said David Shillingford, president of CargoNet, a Jersey City-based initiative started last year by the National Insurance Crime Bureau and the Insurance Services Office Inc. to track, analyze and prevent cargo thefts.

"It is difficult to measure the exact impact that thefts have on insurance and security costs," he said, "but it is safe to say that the cost of both security and insurance rise as theft levels rise."

The FBI has estimated cargo theft costs businesses in the U.S. as much as \$30 billion.

The National Retail Federation estimates retailers in 2009 were faced with \$33.5 billion in "shrinkage" – which includes employee theft and shoplifting – or 1.4 percent of the country's \$2.3 trillion in sales that year. That was down from \$36.3 billion in shrinkage in 2008.

However, law-enforcement and industry groups have apparently only started tracking cargo thefts. The FBI began collecting cargo theft data in January, a spokesman said.

In New Jersey, the state police follow cargo theft, a category that includes warehouse burglaries but also thefts from tractor-trailers,

shipping containers and rail freight.

So far this year, the state police have received reports of 52 cargo thefts, worth a total \$6.5 million in stolen goods, ranging from wigs to cellphones to fruit syrup. The theft number is up from the same time last year, when the state police had received reports of 43 cargo thefts worth \$18 million as of June 30, 2009. In total, state police logged 75 cargo thefts, worth \$24 million, in 2009.

Negative publicity

But Lt. Mike McDonnell, who supervises the New Jersey State Police's Cargo Theft and Robbery Unit, estimates the state police receive reports of only 5 percent to 10 percent of all cargo thefts. Companies often don't report the thefts to police or insurance agencies, which could attract negative publicity and raise insurance rates, McDonnell said. Local police departments don't always report the thefts to state police as required.

"It's just basically part of doing business," McDonnell said. "And you and I and the consumers get hit in the end because the price of the product gets raised."

Industry insiders believe North Jersey warehouses and distribution centers – consisting of more than 360 million square feet – are relatively safe, citing few cases.

The few thefts at Teterboro-based landlord Forsgate Industrial Partners – about one a year for the company's 100 tenants at 65 properties in North Jersey – have near-

ly always involved former or current employees or vendors, said Alex Klatskin, a partner at Forsgate Industrial Partners.

"Nobody just breaks in because they think there might be something in there," Klatskin said. "They break in because they know there's something in there."

Companies often conceal the locations of their warehouses by using decoy names, he said.

Klatskin, chairman-elect of the national commercial real estate association NAIOP, said GPS devices hidden in tractor-trailers and in inventory have helped reduce thefts and catch thieves.

"GPS has solved a lot of problems in warehouse security," he said. "GPS is the No. 1 deterrent today for people not stealing trailers and trucks."

For In Style USA, the February robbery nearly wiped out the business. The company moved out of the Gotham Parkway warehouse it leased from Teaneck-based landlord Key Properties LLC.

"We had to almost close down," said the company's manager, who declined to be named out of safety concerns that others connected to the robbery still may be at large.

The manager said the company had moved its scaled-down operations (he wouldn't say where) and now has on-site security guards.

Of the robbery he said: "We're trying to forget it as much as we can."