



AUTOMOTIVE

**Is Your Dealership  
Inviting Organized Crime?**





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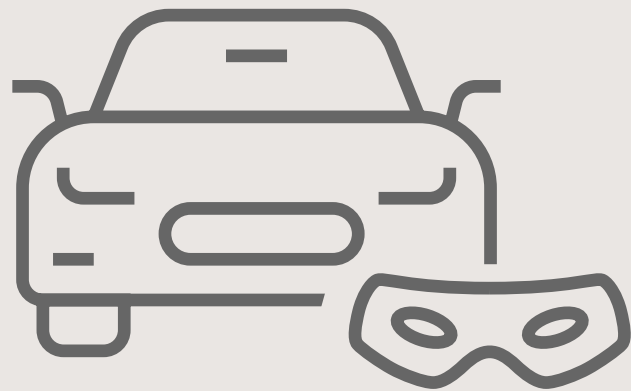
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# Organized Vehicle Theft: A Rising Trend

One Wednesday morning, a Tennessee man who owns a dealership with his brother got a call no dealer wants to get: A group of thieves was **caught trying to steal vehicles from the lot**. Police took into custody six men, who'd been **cutting window-mounted lockboxes** off vehicles to retrieve the keys.



The suspects were part of an **organized vehicle theft ring** specializing in high-end vehicles. As it turns out, **this wasn't the first time** the criminals had paid a visit to this dealership. Police believed the same group had **stolen \$400,000 in inventory** from the lot the previous year.<sup>1</sup>

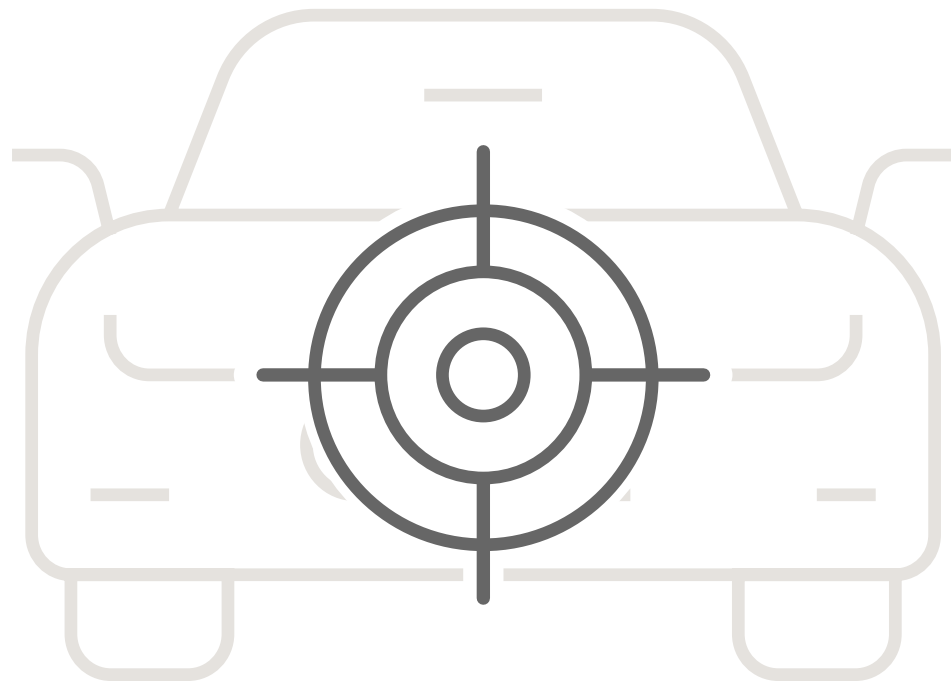
Unfortunately, this story is only one example of a larger trend: organized crime rings stealing vehicles from dealerships — **especially those that store keys in lockboxes.**



# Why and How Criminals Steal From Dealerships

Organized criminals frequently use stolen vehicles in illicit activities such as drug trafficking, terrorism, and more. They tend to **rob dealerships near foreign export ports** so they can ship stolen vehicles overseas via container ships.<sup>2</sup>

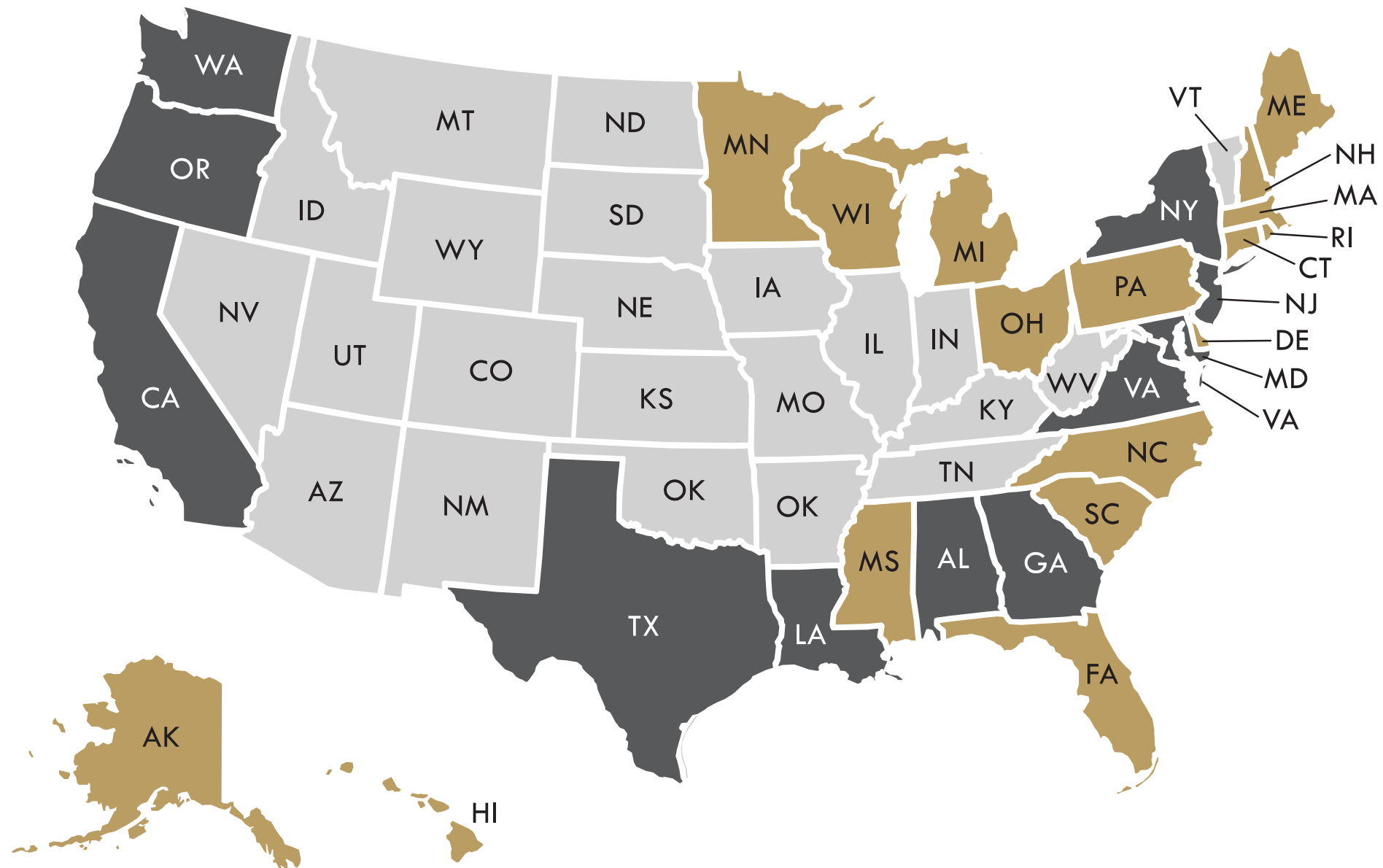
**Dealerships with large lots are also prime targets** since missing inventory is more likely to go undetected for longer (but that doesn't make smaller dealerships immune to theft).<sup>3</sup>



Vehicle theft prevention experts say the days of hotwiring are gone and even professional thieves “need a key or a way to work on the car.”<sup>4</sup> That’s why thieves often **steal from dealerships that keep keys in window-mounted lockboxes.**

The criminals can easily break into the boxes with a metal cutter<sup>5</sup> or master key, which they can purchase online. If the keys aren’t covered with a signal-blocking shield, that increases the risk of the **thieves intercepting the fob signal** without even having to open the box.

State includes One or more of the top 20 U.S. global export ports (by cargo volume)
  State includes foreign export port

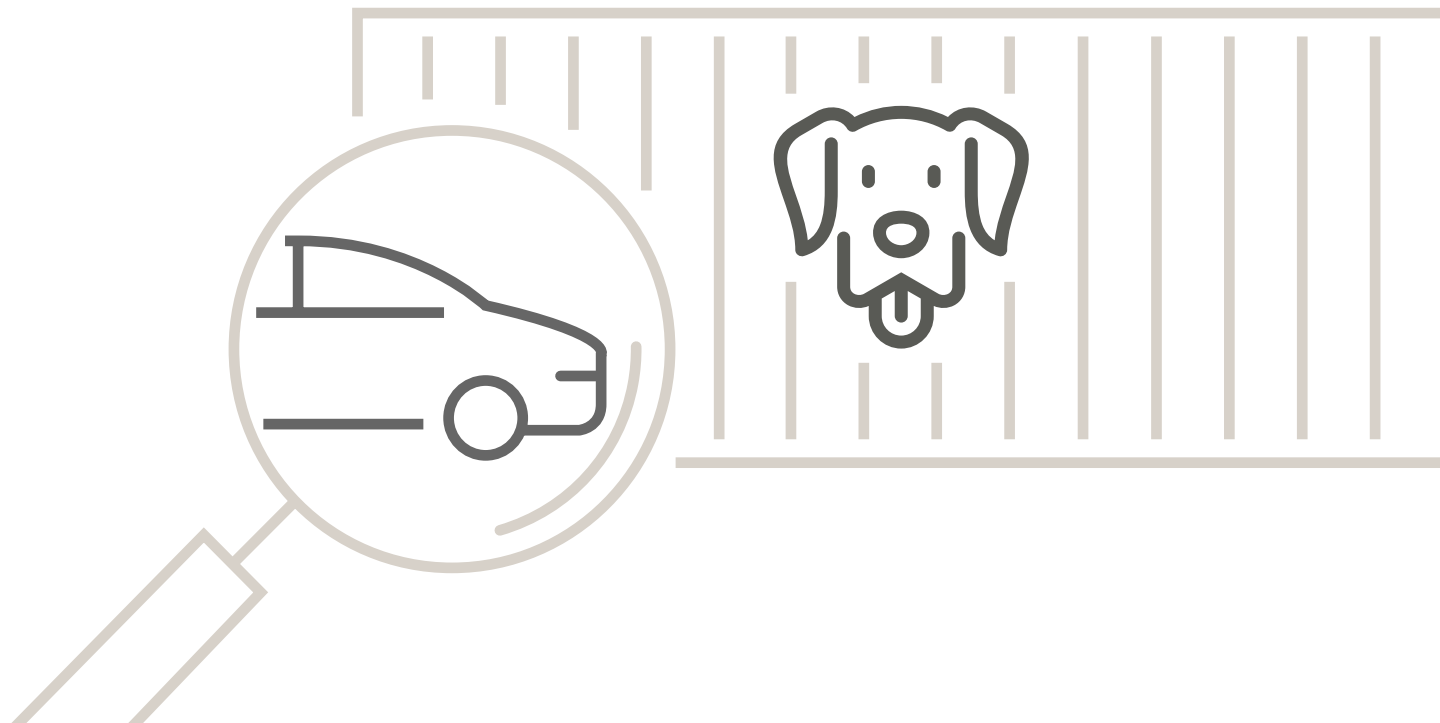




# Here Today, Gone Forever

When vehicles are stolen — whether by organized criminals or not — **the national recovery rate is just 50-60 percent.**<sup>7</sup> While no data exists on the recovery rate for vehicles that have been shipped overseas, it's likely lower than half, as thieves go to great lengths to ensure stolen vehicles aren't detected in transit.<sup>8</sup>

Once the vehicles are placed inside freight containers and loaded onto a ship, they're often labeled as carrying household goods. Only a small percentage of containers are inspected, but even if they are, **thieves have ways of disguising the contents.**



One group, for example, put two cars in a container and **filled the surrounding space with bags of dog food.**





## How Much Will Theft Cost You?

Imagine this: One morning you find three vehicles missing. You discover smashed lockboxes on the ground, and the vehicle blocking the entry gate has been forcibly moved. You contact the police and the insurance company.

Then it happens again. And again. Now you're out five vehicles and your insurance company is threatening to drop you if you don't do something to stop the thefts.



Of similar incidents reported in the news, dealerships typically lost four or five vehicles, but some lost as many as 30.<sup>9-12</sup>



# Run the Numbers

Let's say your deductible is \$5,000 per vehicle. If you lose five vehicles, you're out \$25,000 — and — **that doesn't account for the everything else:**

*Claims delay*

**Lost opportunity costs**

**Reputation damage**

**Rekeying costs**

**Premium hikes**

All told, you're looking at a loss of tens of thousands — **if not hundreds of thousands** — of dollars.





# The Aftermath of Vehicle Theft

Looking at theft in terms of the financial impact alone doesn't paint the full picture — **there's an emotional element too**. Here's how dealership employees and sales managers have described the experience:



"You become very angry, OK. Frustrated because this has happened continually in the past but not to this magnitude... We pay a much higher [insurance] premium."<sup>13</sup>



"It's heartbreaking. It's something in this industry you never want to come across. ... Without inventory, we can't make money."<sup>15</sup>



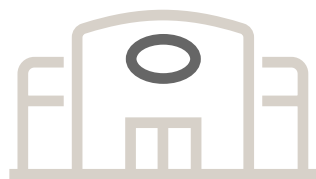
"It hurts bad and it also hurts the bottom line. We try to do the best that we can to give everybody the best deals. But when you deal with the stuff as far as upgraded insurance premiums and stuff like that, it's just something that we can't really pass on those savings to people."<sup>16</sup>



"[The length of the claims process] puts us in a bind."<sup>14</sup>



# The Impact of Theft Throughout the Dealership



## Dealer

Hit to the bottom line,  
higher premiums,  
hassle of dealing with  
insurance, police, etc.



## Sales

Fewer sales opportunities  
due to reputation  
damage, less earning  
potential while stolen  
inventory is being  
replaced or recovered



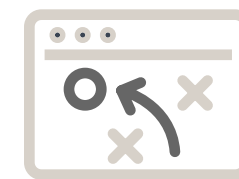
## Service

Less business due to  
reputation damage



## Accounting

Inventory loss,  
insurance deductibles,  
higher premiums



## Marketing

Time and budget  
spent remediating  
reputation damage



# Rethink Your Key Control Practices

If your dealership uses lockboxes, it's important to rethink keeping your keys on your vehicles to protect yourself from theft. Like many dealers, you may prefer this method of key control because it allows salespeople to easily retrieve keys while walking the lot with prospects.

However, when it comes to the sales process, consider that **60 percent of the car-buying process happens online.**<sup>17</sup>

When prospects visit your store, **they've already done their research and don't want to spend time wandering the lot.** Even if they did, having prospects in the middle of your sea of inventory only distracts and confuses them, delaying the sales cycle.

Having the vehicle they want to test drive pulled around for them will create a more positive experience than dragging them out to the lot to retrieve a key.



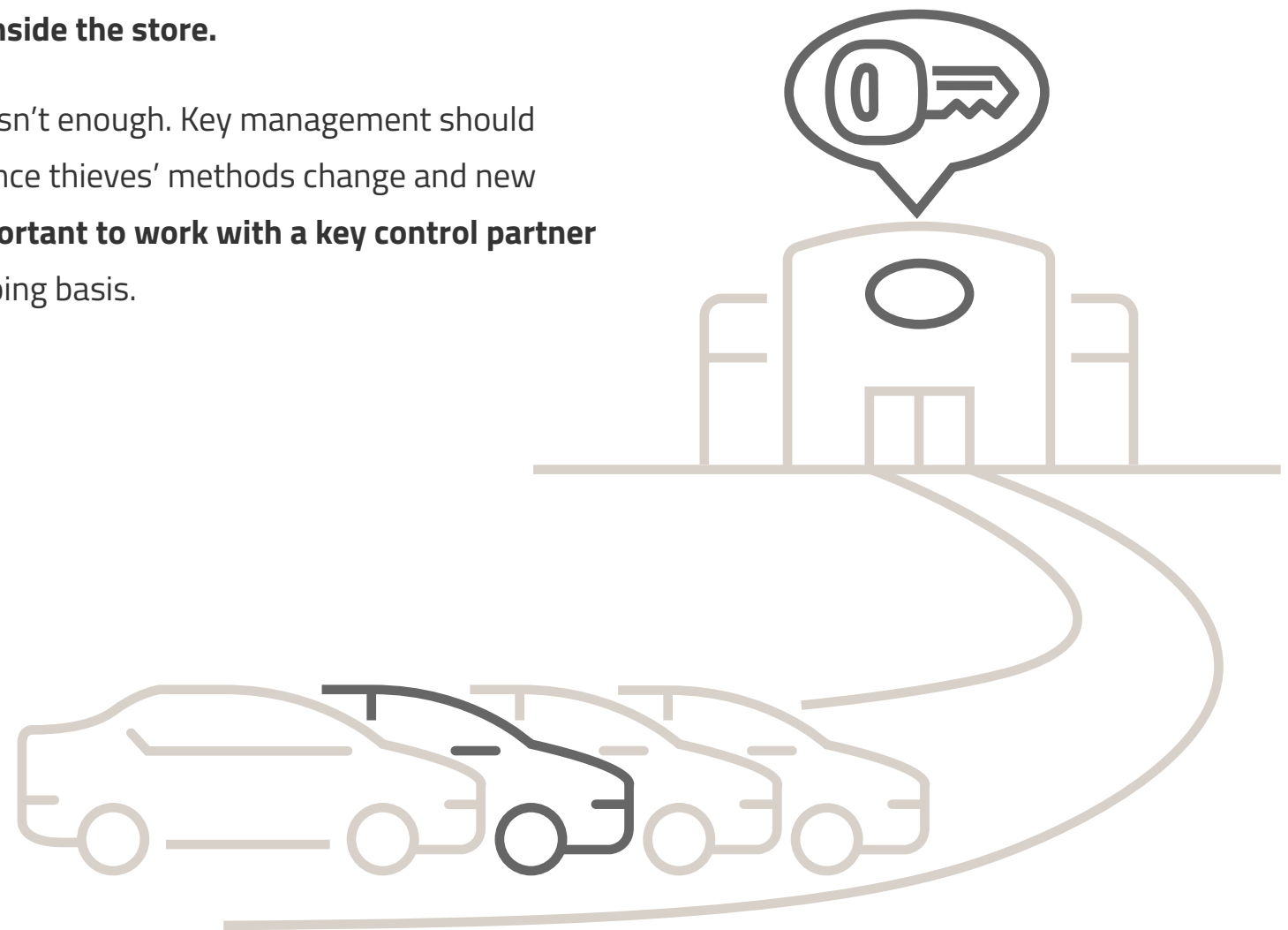


# Keep Your Keys Secure and Accessible

By storing keys separate from the vehicles, you'll be a less attractive target for criminals and can even keep your insurance costs down. That's what the Tennessee dealers mentioned earlier chose to do after being robbed by a theft ring two years in row. **After abandoning lockboxes, they moved keys into a secure system inside the store.**

However, simply changing the location of your keys isn't enough. Key management should never be a "set it and forget it" process, especially since thieves' methods change and new vulnerabilities crop up every day. That's why **it's important to work with a key control partner** who can help you maximize your security on an ongoing basis.

Keeping keys inside an **electronic key control system** allows you to keep keys secure, while giving salespeople an **easy process** for retrieving keys for test drives.



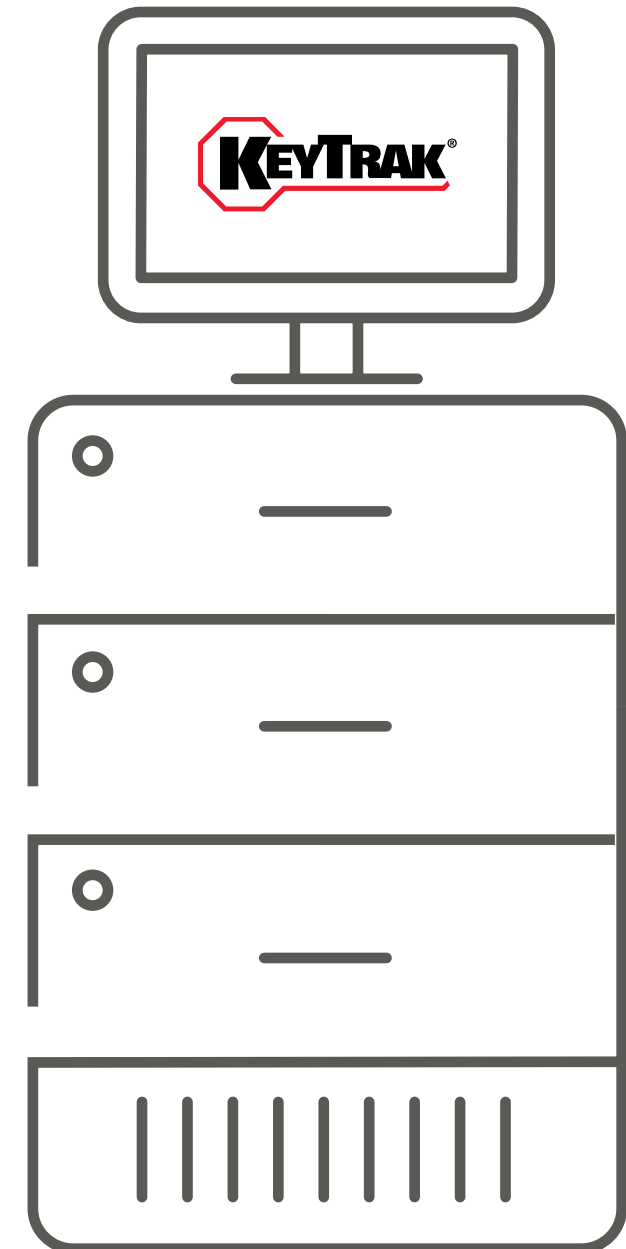




## How We Can Help

Preferred by insurance companies to window-mounted lockboxes, KeyTrak electronic key control systems secure keys within a tamper-proof metal drawer or wall-mounted panel. Authorized employees can retrieve keys quickly with one or more login methods, including biometric fingerprint reader, password, and fob.

Most key control vendors require self-installation or use third-party support. At KeyTrak, our in-house technicians will personally install your system and train your users how to use it. We'll continually work with you to ensure you're using your system to its full advantage so you can protect your inventory and avoid being organized crime's next target.





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