



STOLEN ALCOHOL

Best Practices for Alcohol Regulators

Prepared by **Matthew Botting, Esq.**
*Former General Counsel for California Department of
Alcoholic Beverage Control (ABC)*

Organized cargo and retail theft by sophisticated criminal enterprises have surged in recent years, posing safety risks and economic challenges.

The alcohol industry is increasingly targeted by criminal groups. Beverage and food products, including alcohol, were cargo thieves' top targets in 2025, accounting for more than 20% of all supply chain theft.

The increase in stolen alcohol requires both federal and state alcohol regulators to strengthen efforts to prevent sales outside of the three-tier system in order to protect public health and maintain a safe, orderly market for alcohol.

**Why should state regulators be concerned about stolen alcohol?
And what can they do to help combat these crimes through vigilance in
enforcing their state alcohol laws?**

THE TEQUILA HEIST

THIEVES STOLE 24,000 BOTTLES OF TEQUILA.
60 MINUTES REPORTS ON HOW THE
SOPHISTICATED HEIST WAS PULLED OFF.



Organized Cargo Theft

The theft of goods, chattel, money or baggage that constitutes, in whole or in part, a commercial freight shipment moving in commerce. Costs include:

- Threatens local and national supply chains
- Inflates consumer prices and finances organized crime
- Businesses face higher insurance premiums due to increased risk

Organized Retail Theft

The large-scale, sophisticated and coordinated theft of retail merchandise with the intent to resell the stolen items for financial gain. Stolen alcohol from retailers or distributor warehouses is a growing concern. Costs include:

- Higher prices for consumers, loss of tax revenue and employee safety concerns
- Closure of retail businesses, loss of jobs, and food/pharmaceutical deserts
- Safety concerns for retail employees
- Smash-and-grab theft at retail stores may require state regulation to address location of alcohol in a store

Threats to Regulated Alcohol Markets

- Unlicensed sales of alcohol by those who stole or received stolen alcohol
- Illegal purchase of stolen alcohol by a licensed business
- Destabilized marketplace and public health concerns
- Organized crime infiltration (with associated public safety concerns about other criminal activities, including drugs and weapons)
- Loss of tax revenue
- Health and safety risks associated with the reintroduction of stolen goods into the supply chain

Modern Cargo Theft

FBI Categories of Cargo Theft

Straight cargo theft occurs when cargo is physically stolen from its current location. This often occurs at truck stops, parking lots, roadside parking, drop lots, rail yards and other situations where cargo is left unattended.

Strategic cargo theft occurs when thieves incorporate deceptive tactics to trick shippers, brokers and carriers into handing loads to thieves instead of the legitimate carrier. This typically involves a variation or combination of the following:

- Identity theft
- Double-brokering
- Phony carriers (also called chameleon carriers)
- Fictitious pick-ups and fraudulent carriers

Cyber cargo theft occurs when cyberattacks are used to gain access to a company's systems and sensitive data. Thieves then use this information to:

- Spoof legitimate carrier information
- Create fake dispatch emails
- Steal login credentials on online load boards
- File fraudulent documents

Pilferage cargo theft occurs when criminals alter the bill of lading and pilfer small amounts off the truck.

Anatomy of a Scam

1. Carrier bid solicited through online marketplace
2. A logistics broker contracts with a trucking company, which then contracts with another (fake) carrier, which then contracts with a driver
3. Scammer spoofs emails to give updates and fake information
4. On-board GPS units hacked to provide false location information
5. Meanwhile, the load is redirected and never arrives at its intended destination

After a Theft

Where Does Stolen Alcohol End Up?

- Illegally sold in unlicensed retail accounts
- Illegally sold to licensed wholesalers and/or retailers for resale to consumers
- Sold to consumers via internet marketplaces
- Transported across state lines for resale
- Exported out of the country (possibly even to be relabeled or repackaged and then imported back into the U.S.)
- Consumed, and refilled with counterfeit alcohol

Potential Civil/Criminal/Administrative Actions

Depending upon the specific facts of each case and applicable laws, the following is a list of some possible state and/or federal actions that could be filed against the various parties to a cargo theft scheme:

- Theft/cargo theft/auto theft/burglary/robbery
- Receipt of stolen property
- Sales of alcohol without a state and/or federal license
- Failure to pay taxes
- Failure to register brand with state
- Fraud
- Identity theft
- Conspiracy
- Unfair business practices

Because these offenses often involve transporting stolen goods across state lines or the sale of alcohol without a federal wholesaler permit, there may be grounds for federal prosecutions.

If alcohol licensees are involved, such activities may form the basis for suspension or revocation of their federal or state license(s).

Useful Resources

Given the nature of these types of schemes and the speed with which stolen cargo is transported across the country, coordination between various local, state and federal law enforcement agencies is particularly important. Below are some potential sources of assistance:

- **Federal Bureau of Investigation (FBI)** and **Homeland Security Investigations (HSI)**
- **Local law enforcement agencies** (particularly in jurisdictions with large export facilities, such as ports) and state criminal investigation agencies (State Police or Department of Justice) often coordinate a cargo theft task force
- **Criminal division of your state's Attorney General**
- **Other state alcoholic beverage controls or liquor commissions, enforcement division.** The victim's home-state agency may have already initiated an investigation
- **The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)** and the Alcohol and Tobacco Tax and Trade Bureau (TTB) are charged with investigating alcohol theft and diversion. The ATF has a tips line to report stolen alcohol, particularly if it involves large quantities, federal excise tax issues or theft from a permitted entity.
- **The National Insurance Crime Bureau (NICB)** may offer additional recommendations and provide resources
- **Trade associations**
 - State and national alcoholic beverage wholesaler
 - State and national alcoholic beverage manufacturer

Access Additional Resources at
nbwa.org/stolen-alcohol