

Without a trace



Bill Lovejoy/Sentinel photos

Larry Gurley of Santa Cruz Records Management stacks boxes in the company's document-storage warehouse.

New laws, ID theft feed the shredding industry

By **GWEN MICKELSON**
SENTINEL STAFF WRITER

✓ SOQUEL — Larry Gurley opens a sack and pitches his victims — paper records that need to be destroyed for security or compliance reasons — into the powerful, 20-inch jaws of an eternally hungry beast.

At Santa Cruz Records Management, feeding the beast — in this case an industrial shredder — and turning sensitive documents and other items into tiny cross-cut confetti squares is all in a day's work. Even plastic report spines, clips and staples are munched as if they're cotton candy.

"Pretty amazing, isn't it?" said Gurley, president of the company, as the shredding machine loudly digested and sent bits and pieces of paper up a conveyor and into a massive, industrial-size recycling bin. There, they became a soft, colorful bed just beckoning a stunt actor to fall in.

Santa Cruz Records Management started in 2004. It stores records in 5,000 square feet of space and destroys documents, floppy disks, CDs, DVDs, hard drives and other media. Gurley had been in the records storage business since 1991 with his previous business, Santa Cruz Moving & Storage.

Last year, he sold that business and started records management in half of the building where he used to run the moving and storage company.

He owns the 10,000-square-foot warehouse, which is in an office-park-populated section of town off Soquel Drive. He



Terry King of Santa Cruz Records Management shows a Dumpster filled with the end product. Growing concern about ID theft keeps business steady.

leases the other half of it to Santa Cruz Moving & Storage, which now is a pure moving and household goods storage company.

ID theft on the rise

Growing public concern about identity theft is fueling growth in document-

shredding, said Susan Tossy, operations manager.

"This month we've gone from about three walk-ins a week before to about five a day now," she said.

Identity thieves strike about 10 million Americans each year, according to

Santa Cruz Records Management

WHAT: Document storage and shredding.

OWNERS: Larry and Maggie Gurley.

LOCATION: 2520 S. Rodeo Gulch Road, Suite A, Soquel.

EMPLOYEES: Four, including owners.

SHREDDING PRICES: Flat rate per box, or by the pound. Average price is \$5 per box, or 20-25 cents per pound. Pickup fee is \$25; for customers who bring materials in, service fee is \$15. On-site collection containers available for \$40-\$60 per container. The company offers one-time pickups and flexible prices, depending on the job.

STORAGE PRICES: 35 cents per banker's box per month.

INTERESTING FACT: Customers can watch the shredding if they want to ensure their materials are destroyed.

AFFILIATION: Member of the National Association for Information Destruction, with plans for association certification.

SECURITY: Storage warehouse is climate-controlled, pest-free, alarmed and covered by surveillance cameras.

HOURS: 8 a.m. to 5 p.m. Monday-Friday, possibly expanding to Saturday hours.

INFORMATION: 479-8100;
www.screcordsmgmt.com.

Shred

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the Federal Trade Commission Web site. The commission estimated the dollar volume of the crime was \$52.6 billion in 2004, with much of that cost borne by businesses.

The number of shredding companies in the United States that belong to the National Association for Information Destruction of Phoenix has doubled over the past two years, according to Robert Johnson, executive director. The association had 170 members three years ago; now it has 670.

In addition to fears of identity theft, new legislation is driving expansion.

The industry got a boost when the Federal Health Insurance Portability and Accountability Act took effect in April 2003. The law requires health care providers and insurers to protect patients' privacy. Since providers and insurers must by law keep patients' health information secure, many comply by shredding old records.

And a new rule by the Federal Trade Commission in November under the Fair and Accurate Credit Transactions Act of 2003 requires businesses and individuals to dispose of sensitive information derived from consumer reports. The rule, which went into effect June 1, is designed to protect against identity theft.

The law applies not just to paper records but also electronic files and media, and it includes people and large and small organizations that use consumer reports, such as lenders, insurers, landlords, mort-

gage brokers, car dealers and lawyers. Even pulling a consumer report on a prospective nanny puts you in the pool of affected parties.

Additionally, a new proposition now in the Senate, the Comprehensive Identity Theft Prevention Act, would require the destruction of any document with anybody's name on it, Johnson said.

Fines for violation can be steep.

The Fair and Accurate Credit Transactions Act Disposal Rule, for example, provides for civil liability, class action, state enforcement and recovery of up to \$1,000 per violation and federal enforcement with up to \$2,500 in penalties for each independent violation.

Some of Santa Cruz Records Management's large local customers, such as car dealerships, might shred 300-400 pounds every two weeks, said Gurley. The company's \$30,000 shredder can process 1,000 pounds per hour.

Awareness sparks idea

Gurley and his wife, Maggie, co-owner of the business, noticed the heightened awareness of document destruction and identity theft a few years ago, and saw an opportunity.

With his previous business, he was loading up materials and hauling them over the hill to be destroyed, and he thought he could bring customers' costs down by joining the handful of similar busi-

nesses in the county.

Other firms include Security Shred & Bale and Stordok in Watsonville, and self-service UShred in Santa Cruz.

Once the container is full, the shredded paper is taken to a recycling plant in San Jose, where it's processed into large bales and sent off to be made into paper towels, business paper and other recycled products.

The business is processing 700,000 pounds per year, said Gurley, adding new accounts and growing fast. Gurley expects business to double this year, exceeding 1 million pounds of shredding by the end of the year.

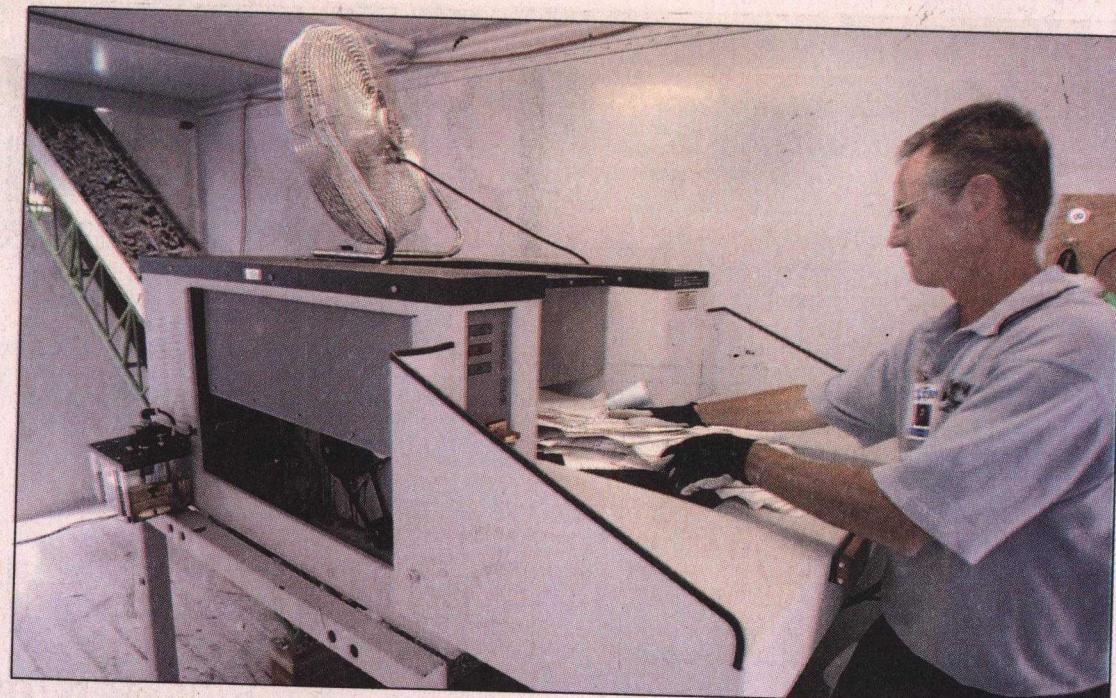
Individuals bring boxes or bags full of canceled checks, escrow papers, checkbooks, and bank and credit card statements to be destroyed, manager Tossy said.

"We've had so many individuals coming in with their box," Tossy said, "because they open the paper and see someone else who just got dinged (with identity theft)."

But in his experience, Gurley said, many businesses simply look the other way and don't responsibly destroy information.

Santa Cruz Records Management can put secure bins, from 32 to 96 gallons, at a business and tailor a pickup schedule to the customer's needs. It has about 100 steady bin customers, 100 periodic customers and close to 100 storage customers, all from Santa Cruz County.

In the storage component of the business, Gurley bar-codes the box-



Terry King feeds documents into 'the beast' at Santa Cruz Records Management.

Bill Lovejoy/Sentinel

es for easy content retrieval and offers an automated shredding schedule, storing documents until they are ready to be destroyed. Employees are on call 24 hours a day for document retrieval. Gurley expects to expand the storage business by 30 percent within the next year.

The business would have been profitable four or five months ago, said Gurley, "but I keep turning

around and reinvesting in the company," buying new equipment and upgrades.

He plans to buy a shredder built into a truck to add mobile shredding, but said the \$200,000 investment is further down the line.

They're running a business they feel is helping people, Tossy said, but they find the new reality of vulnerable personal data distressing,

said Tossy.

"It's disturbing that people have to worry on a daily basis about their personal information," she said.

"From their mailbox to their work, nothing is sacred."

Contact Gwen Mickelson at gmickelson@santacruzsentinel.com.