



---

## Supply Chain - Information Sharing and Analysis (ISAC)

---

### 2011 Supply Chain ISAC Report of Cargo Theft Activity

#### Introduction

The Supply Chain Information Sharing and Analysis Center's (SC-ISAC) primary mission is to facilitate communication among supply chain dependent industry stakeholders in order to help secure the global supply chain. Towards this end, the SC-ISAC has created a subscription based-trusted community of manufacturers, shippers, distributors, consignees, law enforcement and insurance entities, where critical information impacting the supply chain is shared.

The SC-ISAC collects information from our membership and various public sources on supply chain disruptions. The information of cargo theft –related incidents, including initial notification and updates to investigations are published once or twice weekly. Fraudulent activity, including carrier identity theft and seized counterfeit goods are also included in the bulletins to heighten the awareness amongst the membership of these types of crimes. The SC-ISAC also publishes scheduled training events and industry seminars throughout North America to further enhance the knowledge and skills of our membership as well as foster relationships between public and private sectors. Critical time-sensitive information, published as Alerts, include specific and actionable steps that membership organizations can integrate into their current security protocols thereby minimizing vulnerabilities to the specific reported criminal activity. The SC-ISAC also analyzes the collected theft data and publishes four quarterly reports and an annual report on Cargo Theft Activity. Throughout 2011, the Supply Chain ISAC published 85 bulletins, 7 Alerts, four quarterly reports and this annual report.

As one of the nation's sixteen critical infrastructures, the Supply Chain Information Sharing and Analysis Center acts as a liaison for information sharing between the Department of Homeland Security (DHS) and the nation's supply chain. We actively participate in meetings, conference calls and trainings lead by the National Councils of ISAC's, whose goal is to formalize and make operational information sharing between DHS and the ISAC's on general alerts, warnings and intelligence. Our presence in these activities ensures that the issues and needs of the global supply chain are being considered prior to, or if, there is a significant disruption to the nation's infrastructure. We strongly encourage the SC-ISAC membership to participate in Department of Homeland Security public/private partnership events or Critical Infrastructure Congress (CIP) upcoming seminars which are published in the SC-ISAC bulletins as dates become known.



---

## Supply Chain - Information Sharing and Analysis (ISAC)

---

### Data

In 2011, the SC-ISAC recorded 727 relevant incidents. Before publishing this final yearly report, we closely scrutinized our previous reports and the data to assure that there is no duplicity of information and all pertinent information is collected and documented correctly. Although we know that this report will never be able to quantify the total issue, we want to make sure the collected information is properly analyzed and documented so that the best information can be published. Of those, 678 are categorized as **Thefts**, 48 identified as **Fraud, Burglary or Robbery** as the means to steal goods and one as suspicious activity information pertinent to Supply Chain operations. As we have reported throughout 2011, all incidents which involved the loss of vehicles and/or goods from their rightful owners will be included in this analysis for a total of 727 reported events (678 incidents reported as Theft and 49 events listed under the other categories).

In addition to newly reported incidents, we also update our database with shared investigative efforts and information on recoveries of both equipment and cargo, which can take weeks if not months to offer some type of resolution. This follow-up information allows us to accurately analyze cargo theft trends and provide the most current and complete picture of cargo theft activity possible. We actually were able to make several adjustments to the database information after our fourth quarter report was published.

The theft data used in this report comes from the SC-ISAC membership, public source documents, Security Council's BOLOs/Alerts and batch crime reports from California Highway Patrol and the New Jersey State Police. We greatly appreciate our membership and partners for sharing this crime data with us. The frequency and level of reported detail in each incident allows us to provide an exhaustive and more robust analysis of criminal activity impacting the supply chain operations.

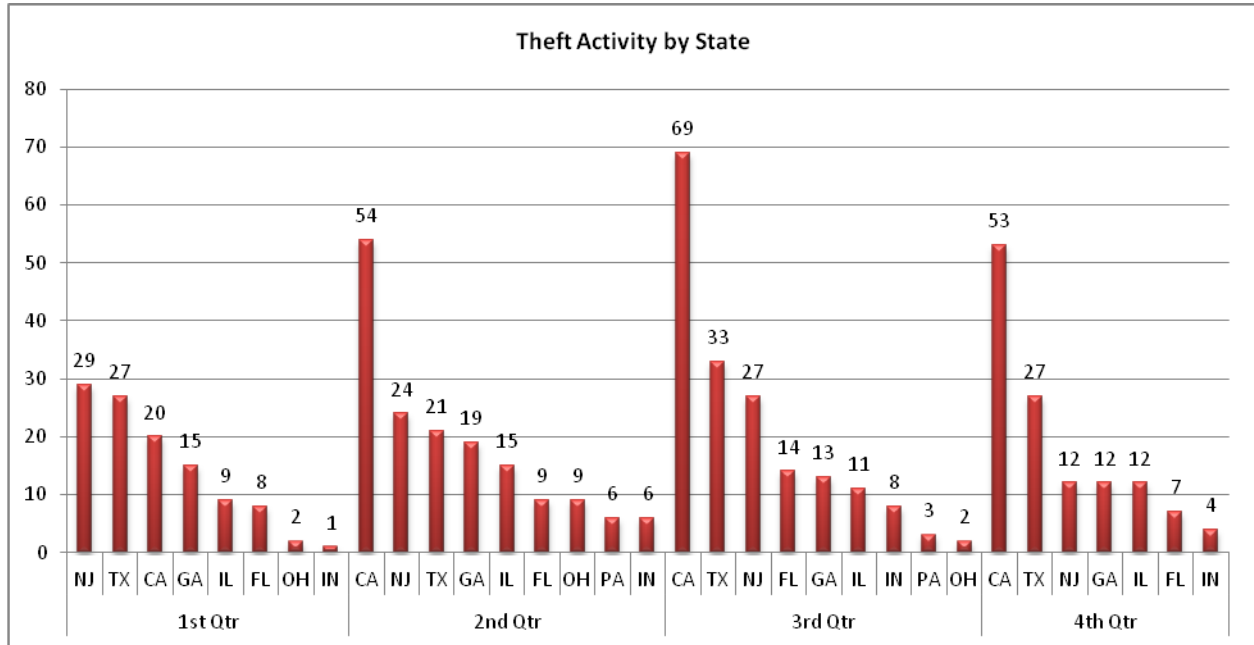
### Cargo Theft Activity by State/Country

Cargo theft is not a crime defined by geography. In 2011, we received reports from 33 of the contiguous 48 states and a total of nine reports from several different provinces in Canada.

The states with the most reported incidents are not surprising as we have reported thefts in these locales throughout 2011. California has by far reported the most cargo theft activity in North America, holding the top spot for three of the quarters of 2011. Texas, New Jersey, Georgia, Illinois, and Florida were consistently in the top five and Pennsylvania and Ohio made several appearances in the top eight several times each.



## Supply Chain - Information Sharing and Analysis (ISAC)



While a state does not wish to be identified in a bad light, we look at these states as leaders in sharing information and bringing awareness to the problem. The continually top four states (CA, TX, NJ and GA) have some of the most active regional security councils and law enforcement agencies focused on cargo theft activity. These groups recognize that sharing information is necessary if the legitimate supply chain stakeholders are going to have a chance of winning this battle against cargo thieves. The SC-ISAC is thankful for the partnership that we have created with these groups and appreciate their efforts to thwart cargo theft activity wherever it may happen. Florida always makes the chart but the SC-ISAC is aware that much of their cargo theft activity is not reported to our program.

Comparing last year's data to the current year we find a couple of notes of interest:

- 1) Indiana and Ohio did not even make the chart in 2010 but both are reporting incidents and making the charts in several of the quarters this year.
- 2) Illinois, which was identified as a place to watch in 2010, stayed in the top of the chart each quarter and ended up with 47 reported incidents.
- 3) The Mid-West area of the country is becoming much more involved in the reporting and many of the thefts in the Mid-West had the equipment recoveries in the New Jersey area now instead of Florida.

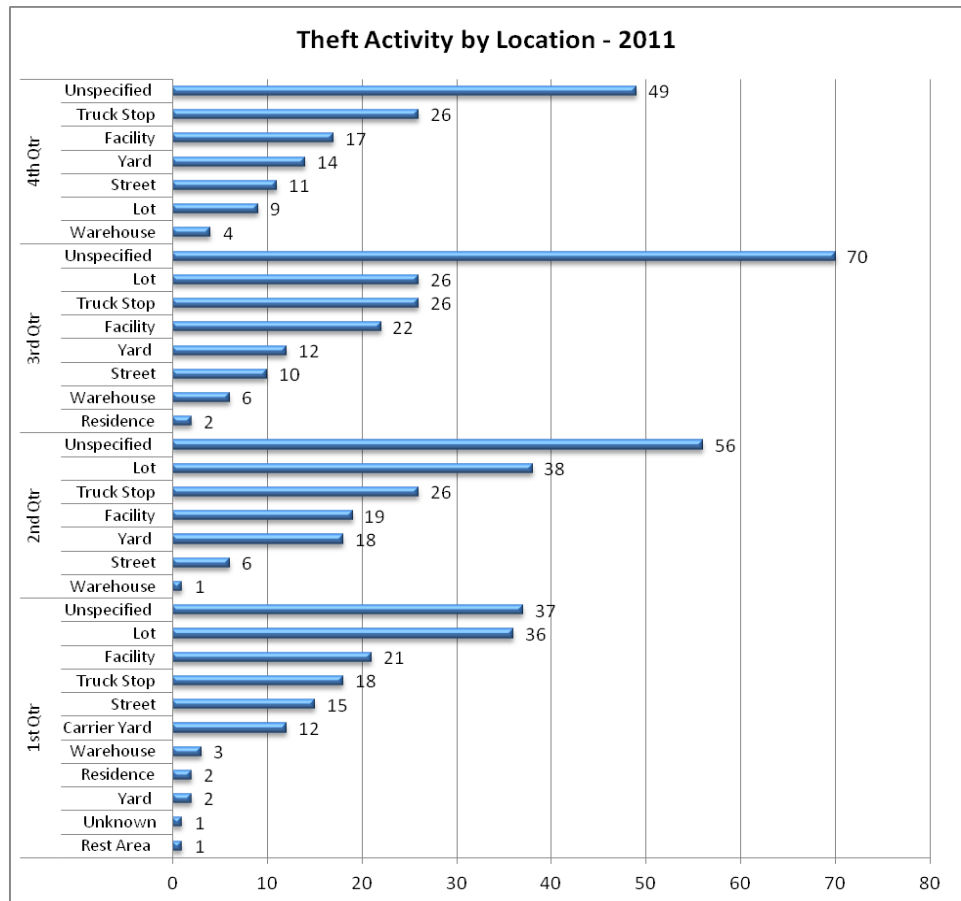


## Supply Chain - Information Sharing and Analysis (ISAC)

The Supply Chain ISAC looks forward to enhancing our existing partnerships while creating new ones with supply chain stakeholders throughout North America during 2012. All of these efforts strive to increase the amount of information shared with supply chain stakeholders while developing a more accurate and complete picture of cargo theft activity in North America. Encouraging entities in your states of operation, both public and private, to report information will aid and assist all of us.

### Where Thefts Occur

Throughout 2011 we reported on cargo thieves taking a more strategic approach to where they struck. The chart to the right takes a look at the locations where thefts occurred. The unspecified category is from batch received data that does not specify the location. The willingness of cargo thieves to focus their efforts on Carrier Facilities, lots or truck stops tell us that based on their current and long running MO. They are following the tractor trailers from targeted commodity warehouses until they are left unattended and will strike at any location when the opportunity presents itself to take a load.

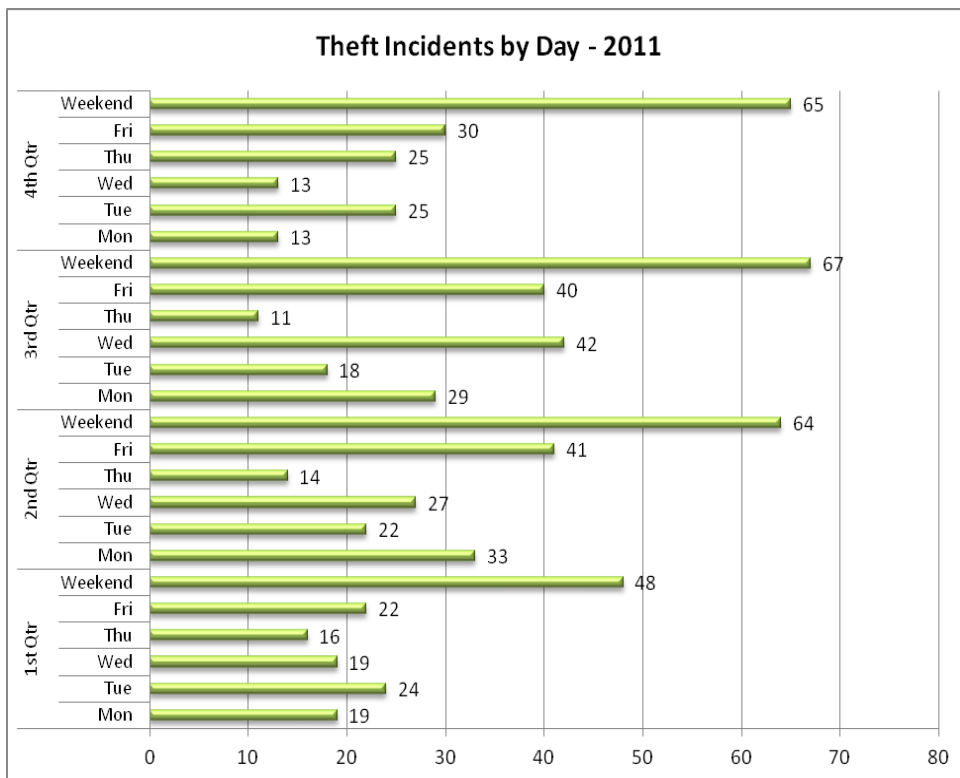




## Supply Chain - Information Sharing and Analysis (ISAC)

This would be another indicator that the commodity in the trailer makes the load a target. If the location was the main issue, we could quickly identify that scenario. Even though there are some very high profile locations which are known for having problems, usually truck stops, the theft usually is tied to the commodity in the load and the origin from which it began.

### When Thefts Occur



Though cargo thieves may strike in many different locations they remain most active on the weekends, three day weekends and the days just before and after the weekends. Since we started this analysis, this factor has never changed. The criminals prefer less activity, people and many times the lack of security that exists when companies go dark.

As the chart denotes there is not a lot of variation in the number of thefts

occurring over the course of the week to draw any meaningful conclusions. However, the overwhelming amount of theft activity on the weekends reported in the SC-ISAC bulletins and again in the quarter and yearly report should be a large red flag for supply chain stakeholders. There is a huge opportunity for each component of the supply chain to re-evaluate their systemic operations and see how those time-honored practices may be aiding the cargo thief. Manufacturers and Shippers should consider the timing of when they release goods for shipment. Are products being loaded on trailers that will sit at the dock over night or over weekends? Consignees should look at their receiving policies and see if any current restrictions on delivery times may put an incoming load at risk for theft.



---

## Supply Chain - Information Sharing and Analysis (ISAC)

---

Finally carriers should be evaluating their processes to ensure that unnecessary risks are not being assumed by drivers. Dropping trailers in unsecure locations or leaving the rigs parked in store or fuel station parking lots is not a good or acceptable plan. Challenging your basic assumptions on supply chain practices encourages you to explore alternative processes which will not only make the supply chain more efficient but also more secure. Freight Security should be in the top priority of supply chain planning along with efficiency, cost and safety.

### What's Stolen?

In 2011, the SC-ISAC recorded a total of 834 pieces of equipment (tractors, trailers, chassis/containers) stolen. Of those 270 were tractors, 433 were trailers and 131 were chassis/containers. Because of the level of detail provided on theft reports and subsequent updates, we were able to drill down and identify the most stolen tractors and trailers. Of the 270 thefts which were reported containing information about a tractor being part of the theft incident, the brand of the tractor was named in 201 of them. We posted a chart in 2010 which showed that the most stolen tractor during that span was Freightliner with 146 followed by International with 23, Peterbilt with 20 and Kenworth with 13. In 2011, it was again Freightliner leading the way with 130, Peterbilt with 21, International with 18 and Kenworth with 16. This line-up changed slightly but the main factor is the overwhelming number of Freightliners involved in the thefts. We must also state that it is common knowledge that Freightliner is most likely also the number one unit on the road.

Many supply chain stakeholders and especially law enforcement may not be surprised to see that Freightliner's are cargo thieves' tractor of choice. Some of the reasons for this include:

1. The vehicles are easy to gain entry into, even when locked
2. Dismantling or hot wiring the ignition is relatively easy and quick
3. Thieves have been caught with Freightliner master key sets
4. Cargo thieves are familiar with the operation of the vehicle

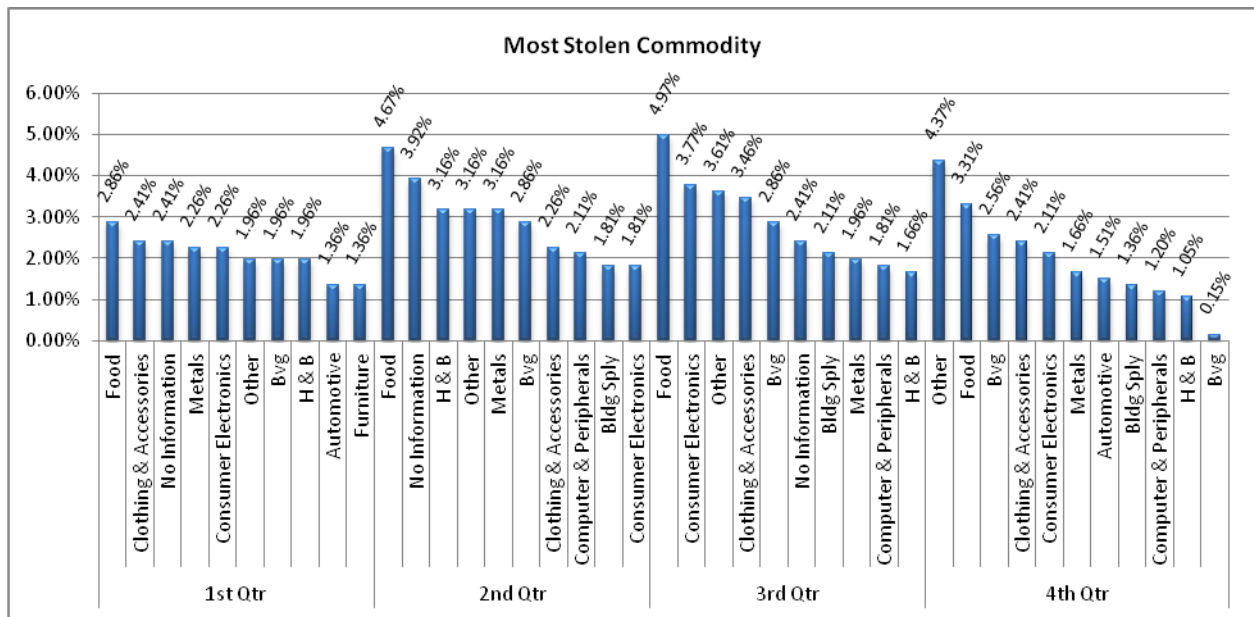
Given the vulnerability of this brand of vehicle, those that have Freightliner's in their fleet should employ both operational practices and technology solutions to make an individual tractor less of a target. Some suggestions include:

- Team drivers, so the vehicle is never left unattended
- Have driver kill switch technology or other mechanical components (immobilization devices) to render the vehicle inoperable when parked
- Installing remote access technology or covert tracking devices with geo fencing capability to assist with recovery efforts



## Supply Chain - Information Sharing and Analysis (ISAC)

As we shift our focus to the cargo stolen, we see familiar commodities and specific items that have been identified quarter after quarter. Food was identified as the most stolen commodity in 2009, 2010 and now again in 2011. Clothing and Accessories ranked 3<sup>rd</sup> overall in 2009 but moved up as the 2<sup>nd</sup> most stolen commodity during those same three quarters in 2010 as well and continued a fair showing in 2011. In the last two quarters of the 2011, the “other” category was second in the 3<sup>rd</sup> quarter and then first in the fourth quarter. This category consists of mixed loads and commodities that do not fit into the listed ones. This may be an indication that thieves are now being a little more flexible in their targeting or that the opportunistic groups, who do not always target based on a specific commodity, are more active.



Cargo thieves consistently target the same commodities and specific items, essentially offering supply chain stakeholders with their playbook. Knowing these commodities and the items listed in the charts below are the prime targets of the thieves, allow you to understand that if your company is involved in accounts with these types of items, your risk of theft is higher than one who is moving other types of freight.

Drilling down into the commodity data we are able to identify the most stolen items per category. Again there are no surprises with the listings, as all of the most stolen items have been identified time and again in this year's quarterly reports.



## Supply Chain - Information Sharing and Analysis (ISAC)



### Loss Averages and Recovery

For all of 2011, the SC-ISAC received dollar loss amounts on 207 reported cargo theft incidents for the involved cargo. Based on reported incidents in 2011, the losses of cargo totaled **\$32,402, 608.00** equating to \$156,534.00 per reported incident. If you extrapolated that average out over the 727 losses, that would be a loss of **\$113,800,218.00**. This does not include the involved vehicles.

As you scour the loss and recovery data please keep the following points in mind:

1. Dollar amounts are often estimated by the subscriber and change as the investigation progresses ( Dollar amounts reported in a given Quarter may change by year's end)
2. Dollar amounts are typically only provided for the items which are owned or insured by the subscriber and not for the total loss sustained
3. Single load losses for high value losses can skew the average losses

Loss and recovery information continues to be an item where many supplying the information do not have reliable data as to a true value. Some report retail while other report wholesale and others have no information. We had 101 reported recoveries sent to the database for 2011. Most of that related to the involved vehicles and not the cargo. We do continue to notate the vehicle recovery location and like last year we are seeing most recoveries in the same state where the theft occurred, especially when tractors are involved. We have seen this part of the theft MO change drastically over the last few years.





---

## Supply Chain - Information Sharing and Analysis (ISAC)

---

### Summary

This is the SC-ISAC's fourth annual report. With each one we strive to provide a thorough profile of cargo theft activity based on the submitted incident reports from our membership, law enforcement and public source documents.

This year we have reported on consistent behavior patterns in almost all aspects pertaining to how cargo thieves operate. Over the years, these crime groups have matured in their approach and changed their tactics in relation to the actions of law enforcement and the industry. The database and recovery information along with exchanging information with law enforcement investigators has led to several quick post theft recoveries. By actually studying these thefts and actions, this knowledge is insurmountable in responding to an issue. Those who do not have the awareness and do not have a pre-established recovery plan have almost no chance of success.

All of our analysis would not be possible without the SC-ISAC membership and partners. We greatly appreciate your continued support by providing detailed cargo thefts incidents and follow up reports. The membership's willingness to share information empowers all stakeholders of the supply chain, as we seek solutions to make our businesses less vulnerable to theft.

For further information about the Supply Chain ISAC or the data used in this report, please contact April Hughes at [ahughes@sc-integrity.net](mailto:ahughes@sc-integrity.net) or JJ Coughlin at [jjcoughlin@sc-integrity.net](mailto:jjcoughlin@sc-integrity.net).