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

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### **2<sup>nd</sup> Quarter 2009 SC ISAC Report of Cargo Theft Activity**

The Supply Chain Information Sharing and Analysis Center (SC-ISAC) continues to grow with a total of 647 member organizations and over 1658 users, who agree to be part of a trusted community of stakeholders for the global supply chain. This community believes that sharing information among its membership is critical if we are to protect the global supply chain, our individual company interests and the overall industry from disruptions.

The SC-ISAC publishes twice weekly public source and member-generated supply chain disruption activity reports and news articles to assist our users as they create, implement and re-evaluate their operational activities.

For the months of April, May and June 2009, the SC-ISAC received an increase in reported activity from member organizations and public source documents in the three primary categories of Cargo Theft, Fraud and Intelligence Reports. Not surprising Cargo Theft activity topped the lists with 102 reported incidents, while there were 10 reported incidents of Fraud as it relates to counterfeit goods. The final category of Intelligence reports primarily documents suspicious activity had a total of 8 reports for the time period.

The data used in the following analysis is based from reported theft-related incidents only. As more data becomes available in the Fraud category, we will record those findings in future quarterly reports.

#### **Cargo Theft Activity by State**

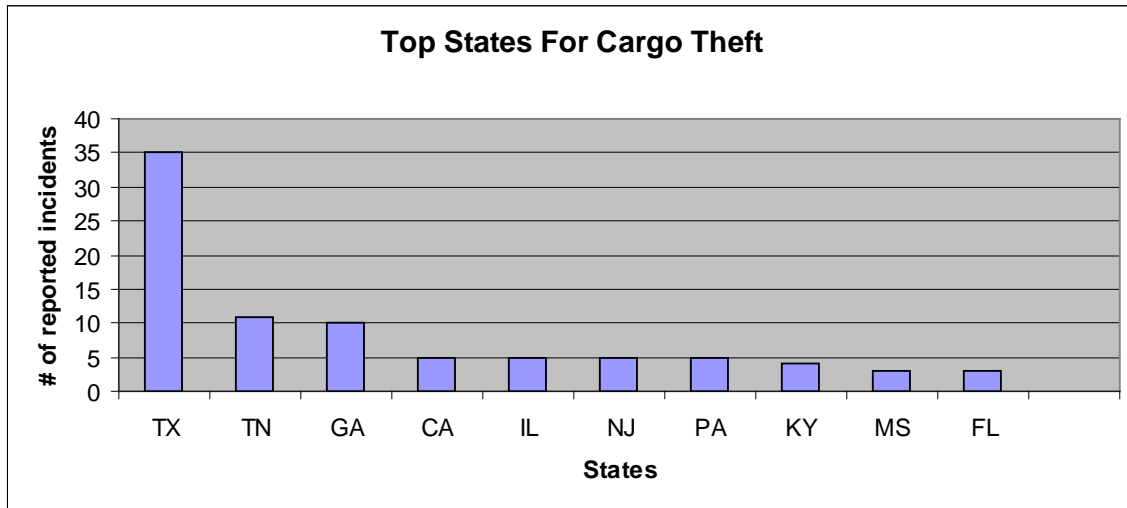
For the 2<sup>nd</sup> quarter of 2009, the state of Texas reported the most cargo theft activity with 35 incidents. Tennessee reported 11 incidents while Georgia rounds out the top three with 10 incidents. California, New Jersey, Illinois and Pennsylvania all reported a total of 5 incidents for the months of April, May and June 2009. Kentucky had 4, while Mississippi and Florida had 3 incidents apiece reported to the SC-ISAC.



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Again, we must note that the reported data is not necessarily representative of the magnitude of where cargo theft is actually occurring. Our strong ties with both public and private industry in Texas and Georgia may skew the overall findings as users may be supplying more reportable incidents than in other parts of the country.

The fluidity of criminal theft activity/reporting is noted as several states reported activity for the first time including Maryland (2), Utah (2), Missouri (2), Arizona (1), Michigan (1), Wisconsin (1) and Puerto Rico (1). In comparison to 1<sup>st</sup> Quarter results, North Carolina dropped to only 2 incidents this period and there were no reported incidents that occurred within the borders of Alabama and Canada.

### Where Thefts Occur

As many sources have related, “Cargo at rest is Cargo at risk” and at least for the 2<sup>nd</sup> Quarter, criminals decided to focus on carrier facilities (34 incidents), including secured drop yards to find their prey. Truck Stops moved to the second spot with 24 incidents for the quarter with Parking Lots, including unsecured drop lots becoming the third most



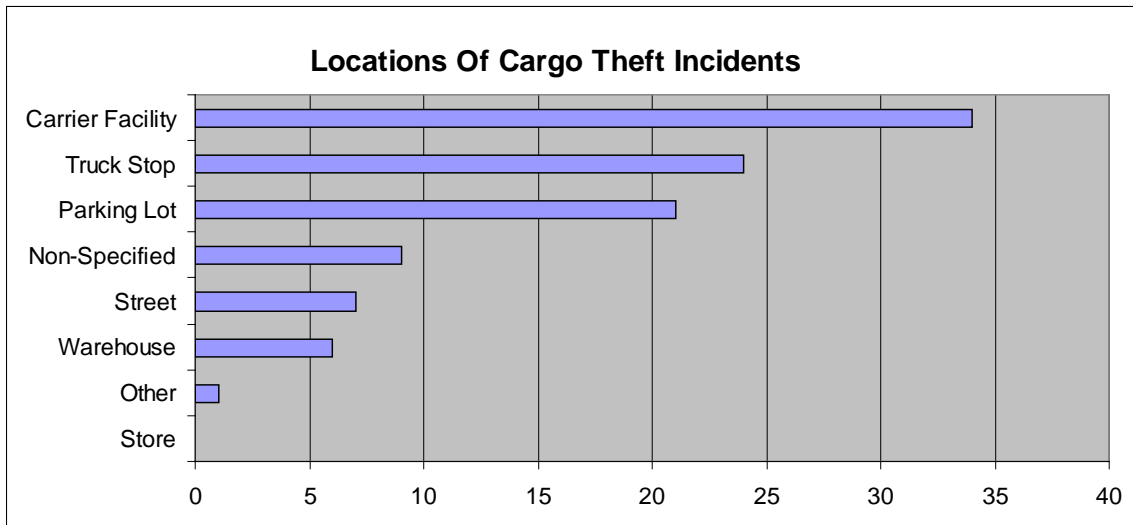
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active location with 21 incidents. There were a total of 9 incidents reported where the location was Not Specified during the quarter, continuing the trend of more complete data being offered by the membership. We applaud the effort and find that we are able to make greater distinctions in the analysis because of the completeness of the data.

Leaving vehicles and cargo on the Street or highway accounted for 7 incidents, while Warehouse locations had 6 incidents for the time period. There was 1 reported incident at a Port, which is classified as Other for this category. We recorded no activity at a Store location for the quarter.



This quarter's results imply that thieves are becoming emboldened, seeking out vehicles and cargo secured with fencing and surveillance systems. The vulnerability of leaving trucks/cargo unattended in other non-secured locations such as truck stops, parking lots and on the street also remains high for carriers.



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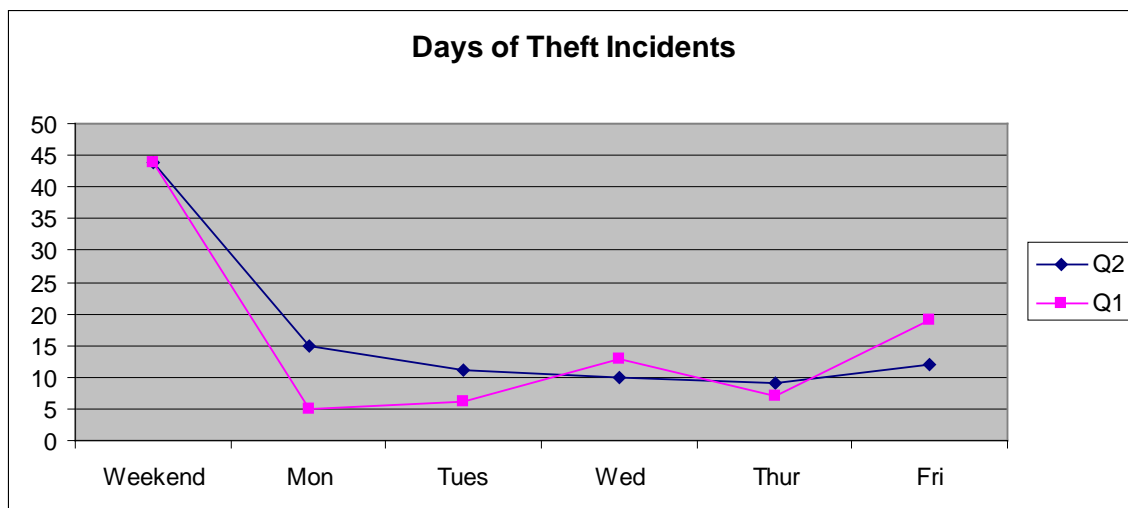
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### When Thefts Occur

The data for the 2<sup>nd</sup> Quarter reinforces the vulnerability of parking vehicles and cargo over the weekend (Fri/ Sat – Sun/Mon) as noted by the 44 incidents reported during this time frame. Major holidays also pose an additional risk as evidenced by 4 incidents occurring during the Memorial Day weekend out of a total of 29 incidents for the month.

The chart below shows a flattening of activity (range 9-11) for the middle of the week with Monday reporting the second highest level of activity at 15 and Friday's slight uptick to 12 incidents. There is a marginal difference from the 1<sup>st</sup> Quarter data which showed increased activity on Wednesday and Friday's.

The current quarter results for this category, corroborates the increase in activity at Carrier Facilities and secured drop yards, as they are typically unmanned during the weekend. These same locations have fewer hours of unmanned activity throughout the remainder of the week, in contrast to unsecured lots and truck stops, who are susceptible to thieves any day of the week, because of a lack of security measures and an expectation of seeing trucks coming and going.





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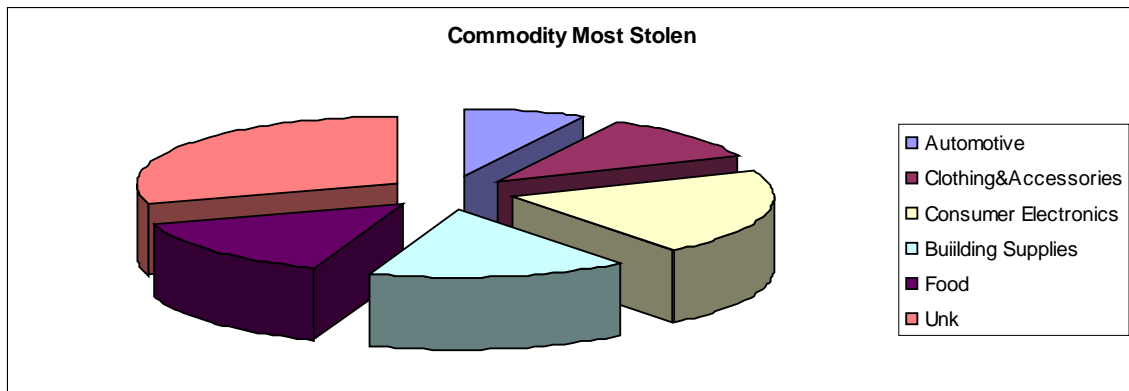
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We have also noticed a decrease in the amount of time that vehicles/cargo are at rest before they are stolen. For the quarter, we identified 19 incidents that occurred in less than four hours time, and 8 of those incidents had vehicles/cargo stolen in less than 1 hour. This would indicate that thieves are more organized, targeting specific locations and/or loads to steal and not relying on happenstance for their booty.

### What's Stolen

For the 2<sup>nd</sup> Quarter of 2009, Consumer Electronics was the top (17) known commodity stolen, followed by Building Supplies (13) and Food (12). Bringing up the rear of the top five most stolen commodities is Clothing and Accessories (9) and Automotive (6). Unfortunately we had an increase in reported incidents (24) that neglected to provide the details of the cargo stolen, pushing the Unknown category to the top of the rankings.

The remaining breakout categories of Health & Beauty had 4 incidents, Drugs/Medical and Tobacco /Spirited Beverages had 3 apiece and Computers & Computer Peripherals reported 2 incidents for the quarter. For those items that don't fall into the designated categories, we created an Other classification and had 9 incidents for the quarter. For the last six months, we have not had any reported thefts involving Music/ Movies and Software and will remove this category from our analysis, until activity prompts its inclusion.





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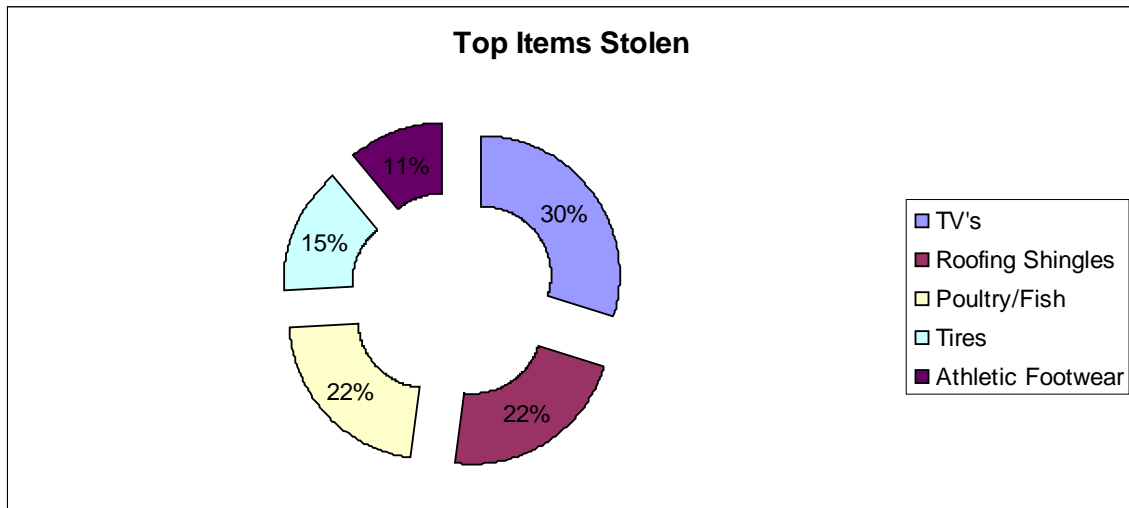
Drilling down within the product category we identified the most common items stolen per the Top 5 categories:

**Category**

Automotive  
Building Supplies  
Clothing & Accessories  
Consumer Electronics & Accessories  
Computers & Computer Peripherals  
Drug/Medical  
Food  
Tobacco/Spirited Beverages

**Items**

Tires  
Roofing Shingles  
Athletic Footwear  
TV's  
Computers  
Pharmaceuticals  
Chicken/Fish  
Cigarettes





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### Recoveries

We appreciate the thoroughness of the data we are being provided and are now able to provide some quantifiable data regarding the number of vehicles and cargo being recovered, along with the locales.

For the 2<sup>nd</sup> Quarter of 2009, we documented 49 recoveries of which 16 had some or all of the cargo recovered. The breakdown by months is:

|       | #of Reported Thefts | #of Recoveries | # including Cargo |
|-------|---------------------|----------------|-------------------|
| April | 37                  | 22             | 7                 |
| May   | 29                  | 14             | 4                 |
| June  | 36                  | 13             | 5                 |

It is not surprising that April reports a greater number of recoveries of vehicles and cargo as more time has elapsed in which to investigate and reclaim the stolen property.

In past reports we have hypothesized that most of the stolen vehicles would eventually be recovered in Florida, based on anecdotal information from our membership. The provided data however has drawn a very different initial conclusion, as a majority of the vehicles/cargo recovered is within the same state if not within the same geographical area from which it was originally stolen. This preliminary information can offer us some additional insight, regarding the local nature of the cargo theft activity and/or the probability of a sophisticated criminal enterprise, where vehicles are dumped after serving their initial purpose and replacement vehicles are used to transport the goods across state lines. To assist in further analysis of recovery trends we strongly encourage the membership to provide complete details of the theft incident and following up with specifics pertaining to the recovery of the vehicles and or cargo.



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### Summary

The 2<sup>nd</sup> Quarter 2009 data has provided a more robust picture of the cargo theft activity throughout the United States, and with continued membership participation, a clearer and more detailed story will be revealed. We appreciate and value all of the information that is shared by our membership and encourage more of you to participate in the process. This is not a spectator organization and your participation is required as we work together in a trusted community to minimize the disruptions to the global supply chain, our respective industries and in turn our individual businesses.

We are in the process of updating the SC-ISAC website and in the not too distant future we will have some new and interactive features. Please continue to send pertinent information and as our database continues to mature, the intelligence gained from the data allows a better analysis of disruption activities each and every quarter.

For further information about the Supply Chain ISAC or the data used in this report feel free to contact Jackie Neill at [jackie.neill@sc-isac.org](mailto:jackie.neill@sc-isac.org) or JJ Coughlin at [jjcoughlin@sc-integrity.net](mailto:jjcoughlin@sc-integrity.net)