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

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### 3<sup>rd</sup> Quarter 2009 SC ISAC Report of Cargo Theft Activity

#### Introduction

Since its inception in late 2007, the Supply Chain Information Sharing and Analysis Center (SC-ISAC) has been continually adding member organizations and individual users to the network of trusted stakeholders of the global supply chain. The current membership stands at 676 member organizations with over 1716 individual users, an increase of 29 organizations and 58 individuals in the 3<sup>rd</sup> Quarter of 2009.

The SC-ISAC focus is on sharing information about disruptions to the global supply chain with and amongst the membership. The public source and member-generated supply chain disruption activity reports are communicated through twice weekly bulletins to help the SC-ISAC user create, implement and re-evaluate their operational activities.

Information shared for the time frame of July, August and September 2009 significantly increased, in part due to submissions from the California Highway Patrol. During this period a total of 198 incidents were recorded, compared to the 120 submitted in the 2<sup>nd</sup> Quarter 2009. Of the incidents reported for the quarter, 175 of them relating to **Cargo Theft**, 15 incidents identified as **Fraud**, as it relates to counterfeit goods while the remaining 8 events listed as **Intelligence** documents possible suspicious activity.

The data used in the preceding analysis, is from the 175 reported theft-related incidents, only. Fraud incidents will be included in the 2010 quarterly reports, as we are seeing an increase in reported activity thereby making analysis meaningful.

#### Cargo Theft Activity by State

The reporting of cargo theft incidents significantly increased in the 3<sup>rd</sup> Quarter of 2009, altering the recent trend of Texas holding the dubious distinction of the most reported



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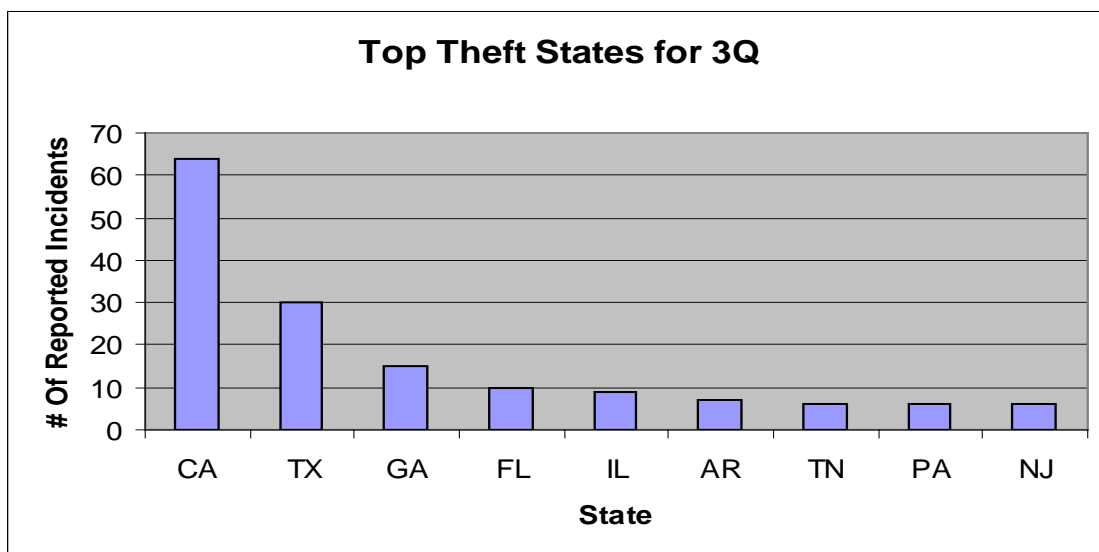
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cargo theft incidents in the country. For the 3<sup>rd</sup> Quarter, California takes the top spot of cargo theft activity with 64 reported incidents, Texas moves to the second spot of most reported incidents with 30. Rounding out the top five states is Georgia remaining in the third spot with 15 incidents, while Florida moves up to the 4<sup>th</sup> most reported state with 10 events and Illinois reports 9 incidents for the time period. The remaining states on the chart are Arkansas with 7 incidents and Tennessee, Pennsylvania and New Jersey tied at 6 incidents apiece.

Kentucky and Mississippi did not report any cargo thefts in this quarter compared to being in the top 10 of reporting locations for the 2<sup>nd</sup> Quarter. Ohio is again showing up on the radar, with a total of three incidents for the quarter after being quiet for the first half of the year. This may be a precursor of activity for Ohio as a total of 10 incidents were reported in 2008 all occurring in the last quarter.

Six states reported one cargo theft disruption within their borders for the first time this year which include Connecticut, Iowa, Kansas, Minnesota, New Mexico and Nevada. A total of 31 states in the contiguous United States have now reported at least one disruption to the supply chain during 2009, illustrating the widespread nature of cargo theft activity.





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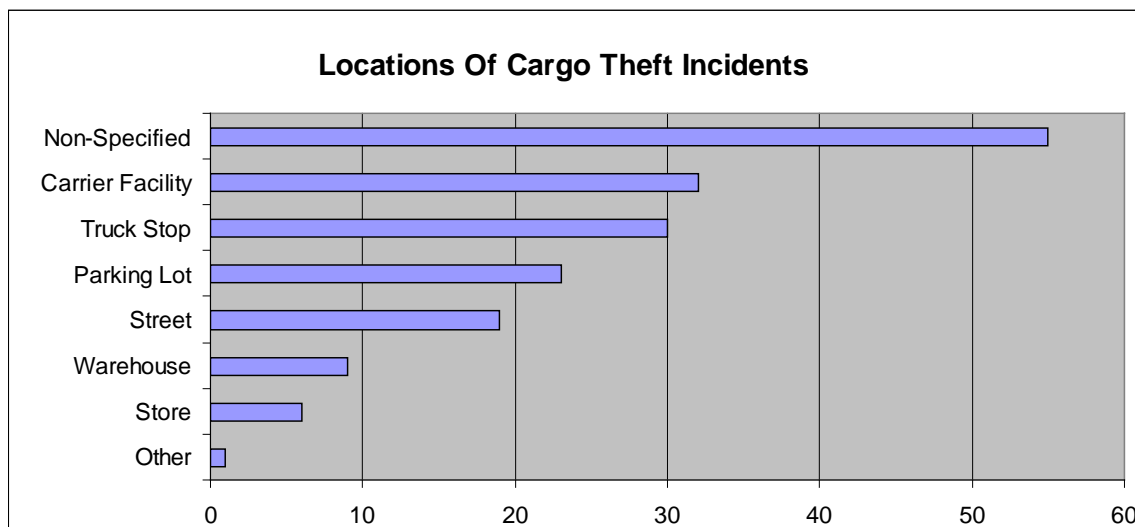
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We cannot over emphasize the point that the current levels of reported data may not necessarily represent the true magnitude by state of where cargo theft is actually occurring. While we greatly appreciate the inclusion of data from the California Highway Patrol as well the continually shared information obtained from public and private industry sources in Texas and Georgia, we recognize that this may skew the perspective of theft activity in any given state. The only way to rectify this shortcoming is to make an ongoing request for cargo theft information from law enforcement and stakeholders of the supply chain, allowing for a clearer representation of the depth and scope of the problem by state.

### Where Thefts Occur

This quarter's results show a more equitable distribution amongst identifiable theft locations. Carrier Facilities and Truck Stops incidents are only separated by two incidents (32 vs. 30) for the months of July, August and September, which leaves the question of whether vehicles and loads are being targeted by thieves or stolen solely because of convenience, still unanswered. Unsecured areas including Truck Stops, Parking Lots (23), Streets/Highways (19) and Other (1) combined for a total of 73 incidents or 42% of the total incidents. Facilities including Warehouses and Store locations found themselves targeted this quarter for theft activity, with 9 and 6 incidents reported.





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Thieves have not been deterred from stealing vehicles and cargo secured with fencing and surveillance systems this quarter. Several of the intelligence reports have identified suspicious activity of unknown suspects using laptops and surveillance equipment to survey and document fortified facilities and yards.

The vulnerability of leaving trucks and cargo in unsecured locations, including truck stops, parking lots and on the street remains high for carriers and drivers alike. Unfortunately, we are seeing an increase in the amount of violence associated with the theft of vehicles and cargo. Seven robberies were reported for the quarter, with six identified on Streets/Highway locations and one at a Truck Stop. Protocols for the safety and security of vehicles, cargo and drivers should be re-evaluated by organizations based on this disturbing trend.

The high number of Non-Specified incidents minimizes further analysis or concluding statements regarding the location of cargo theft activity. We applaud and thank all that have provided data and encourage users to provide in as much as it is available and allowable, detailed information for all submitted incidents.

### **When Thefts Occur**

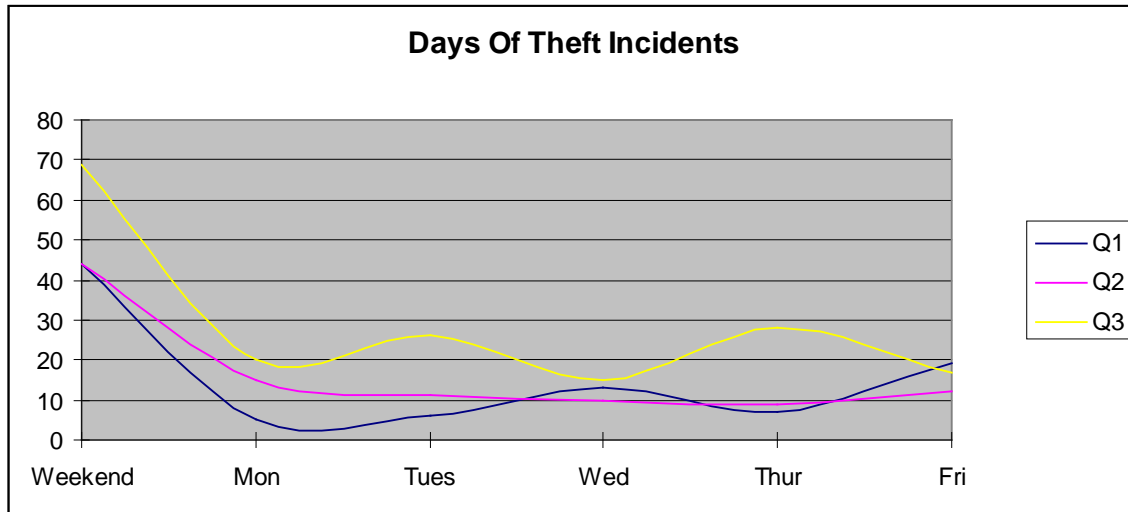
As noted in the chart below, Weekends remain the most vulnerable time for standing vehicles and freight, and this quarter is no different from the first half of the year. A total of 69 incidents occurred during the Friday/ Saturday-Sunday/Monday grouping. An uptick in activity is shown for both Tuesdays and Thursdays, compared to the past quarters but may be due in part to extended time that freight is left unattended because of the Independence (Saturday) and Labor Day (Monday) holidays falling within the quarter. There were 8 incidents reported during the July holiday period and 17 ascribed to the September one.



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The length of time that vehicles/cargo are at rest before being stolen slightly increased with only 13% of the incidents reported within 4 hours or less, compared to the 18% lost during the 2<sup>nd</sup> Quarter. However 61% of these time sensitive thefts occurred within one hour or less compared to 42% that occurred within the same time period during the 2<sup>nd</sup> Quarter. The timing of the thefts would reinforce the profile of an organized approach, targeting specific locations and or/loads versus a coincidental or per chance method.

### What's Stolen?

For the 3<sup>rd</sup> Quarter 2009, Food returned to the number one commodity stolen after falling to the third position in the 2<sup>nd</sup> Quarter findings. Consumer Electronics take the second spot with 23 incidents recorded. The remaining categories, Clothing & Accessories (18), Automotive (17), Drugs & Medical (16), and Computers & Peripherals (9) round out the top six commodities stolen.

The remaining commodities identified but not falling into the most stolen groups include:

- Building Supplies (8)
- Other (8)
- Appliances (6) – this is a new category which had previously been group under “Other”
- Housewares (6) - also a new category previously identified under “Other”



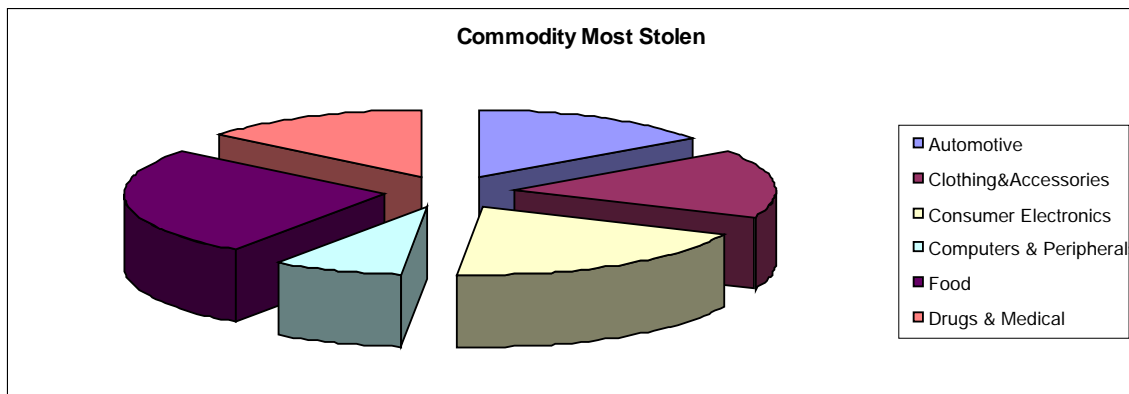
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- Tobacco/Spirited Beverages (5)
- Health & Beauty (4)

In this quarter we were pleased to note only two incidents that failed to identify the commodity stolen, a marked decrease from the 2<sup>nd</sup> Quarter finding of 24 incidents. We also found an increase in vehicles (tractor's and empty trailers) stolen and recorded a total of 22 theft incidents which did not involve any cargo.



Though commodity information has become readily available for each cargo theft incident, obtaining information regarding the specific items stolen has been slower in coming. With the information provided we've ascertained the most common items stolen by commodity.

### Category

Automotive  
Clothing & Accessories  
Consumer Electronics  
Computers & Peripherals  
Food  
Drugs & Medical  
Building Supplies  
Tobacco/Spirited beverages  
Housewares

### Items

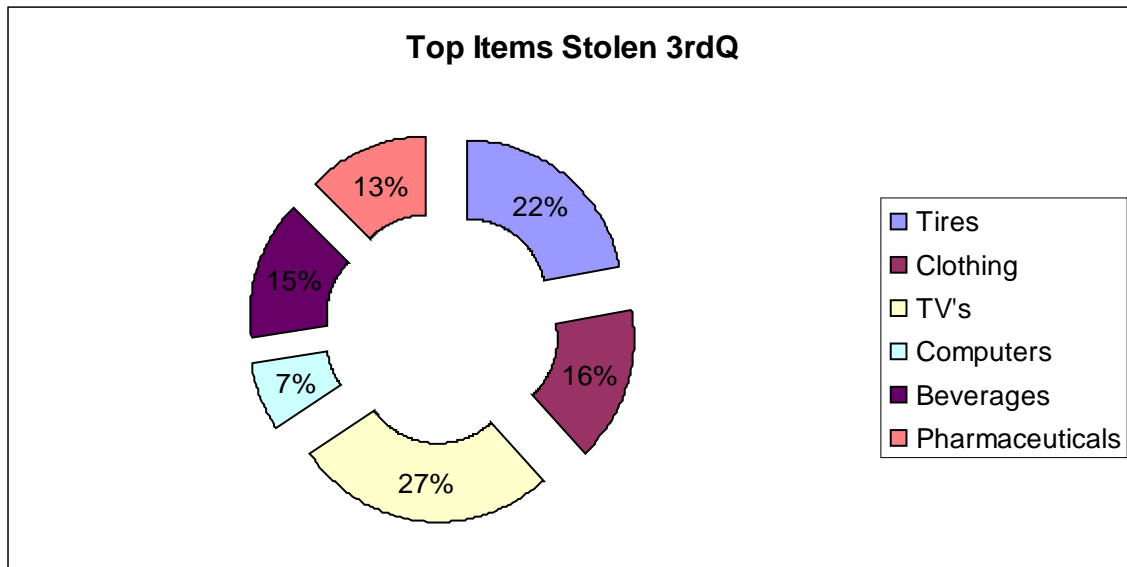
Tires  
Clothing  
TV's  
Computers  
Beverages  
Pharmaceuticals  
Roofing Shingles  
Cigarettes  
Bed Sheets




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### Recoveries

The thoroughness of detailed information offered to the Supply Chain ISAC, including specifics pertaining to the recovery of vehicles and/or cargo is beginning to paint a more detailed picture of cargo theft activity in general.

During the 3<sup>rd</sup> Quarter we documented a total of 58 recoveries with 21 having some or all of the cargo recovered. The breakdown by month is:

Month	#of Reported Thefts	# of Recoveries	# including Cargo
July	59	16	4
August	56	21	6
September	60	21	11



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In the 2<sup>nd</sup> Quarter 2009 Report, we suggested that additional time increased the discovery and reporting of recoveries. In that publication April's data led the quarter in both vehicle and recoveries including cargo. However this trend has not been maintained in the 3<sup>rd</sup> Quarter data, as September has the greatest number of cargo recoveries and is tied with August for vehicle reclamation.

Also in past reports we have hypothesized that most of the stolen vehicles would eventually find their way to Florida. Based on the current recovery data, a majority of the vehicles recovered were found in the state they were initially stolen.

Month	In-State Recovery	In-State w/Cargo	Out-of State Recovery
July	8	2	8
August	18	2	3
September	19	9	2

Out of the total 13 Out of State Recoveries only five have been made in Florida and not surprising none of the recovered vehicles included any cargo.

Based on this sampling of data, we would conclude that timeliness in reporting and sharing of loss information amongst law enforcement and supply chain stakeholders increases the likelihood of both vehicles and cargo within the same state. As previously noted under the What's Stolen section, an increase in the theft of tractors and empty trailers may play a bigger role in the theft of cargo, as goods are transferred from one stolen vehicle to another. This activity suggests that a group of criminals must be involved to perpetrate such an undertaking rather than a lone thief who can drive off with a rig or hook up to an unattended trailer. The transference of goods also indicates thieves are well aware of vehicle tracking technology and the possibility of covert GPS devices imbedded in the load, thereby causing trailer changes to occur closer to the offense location.



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### Summary

The 3<sup>rd</sup> Quarter 2009 data continues to provide more depth and contrast to the picture of cargo theft activity throughout the United States. The wealth of information being shared by both the SC-ISAC membership and public sources is greatly appreciated and highly valued as it allows us to track theft locations, vehicles, cargo and the suspects involved in this type of criminal activity. In order to offer a clearer and more detailed story of global supply chain disruptions, we encourage the membership to increase their participation in the process of sharing information. Working together in a trusted community is the only way that we will win this battle against an insidious but evolving group of thieves, who have recently demonstrated that some are willing to employ violent and life threatening measures to deprive rightful owners of their property and livelihood.

The start of the 4th Quarter saw the inclusion of NC4 External Situational Awareness (ESA) Maps and Incident Monitoring onto the home page of the SC-ISAC website as a service to our users. This addition enables users to view real-time events which may negatively impact an organization's supply chain flow and allow them to adjust accordingly. Please continue to send information pertaining to supply chain disruptions to us so we can record and track the specifics for future analysis.

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)