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

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### 4<sup>th</sup> Quarter 2009 Supply Chain ISAC Report of Cargo Theft Activity

#### Introduction

The Supply Chain Information Sharing and Analysis Center (SC-ISAC) continues to attract manufacturing, distribution, carrier, retailers, business and security services, insurance and law enforcement to the membership ranks of the organization. During the 4<sup>th</sup> Quarter of 2009, a total of 17 organizations joined the SC-ISAC with 52 associated users. The current membership stands at 693 member organizations with over 1768 individual users.

The primary focus of the SC-ISAC is to share information with its membership regarding disruptions within the global supply chain, with an emphasis on theft activity. Member generated and public source reports are communicated at least twice a week through email bulletins to help the SC-ISAC user create, implement and re-evaluate their operational practices. During the 4<sup>th</sup> Quarter, the SC-ISAC website was enhanced to provide users with the NC4 External Situational Awareness (ESA) maps and Incident Monitoring, as another tool to help identify supply chain disruptions that may impact individual business activity.

For the months of October, November and December, 2009 we again saw an increase in activity, in part due to batch theft data being provided by the California Highway Patrol and New Jersey State Police. During this period a total of 234 incidents were recorded compared to the 198 submitted in the 3<sup>rd</sup> Quarter 2009. The breakdown in submitted incidents is: 214 identified as **Cargo Theft**; 12 reports relating to **Fraud** primarily focused on counterfeit goods and the remaining 8 events listed as **Intelligence**, focusing on suspicious activity of would be thieves or unscrupulous carriers.

The following analysis is based on specific data gleaned from the 214 reported theft-related incidents only. As mentioned in the 3<sup>rd</sup> Quarter report we will begin to address fraud related activity in 2010, as submissions in this category continue to grow. The submitted intelligence reports, by their very nature, are not meant for analysis but do provide clues into on-going criminal behavior which we maintain in our database for possible connection to future criminal activities.



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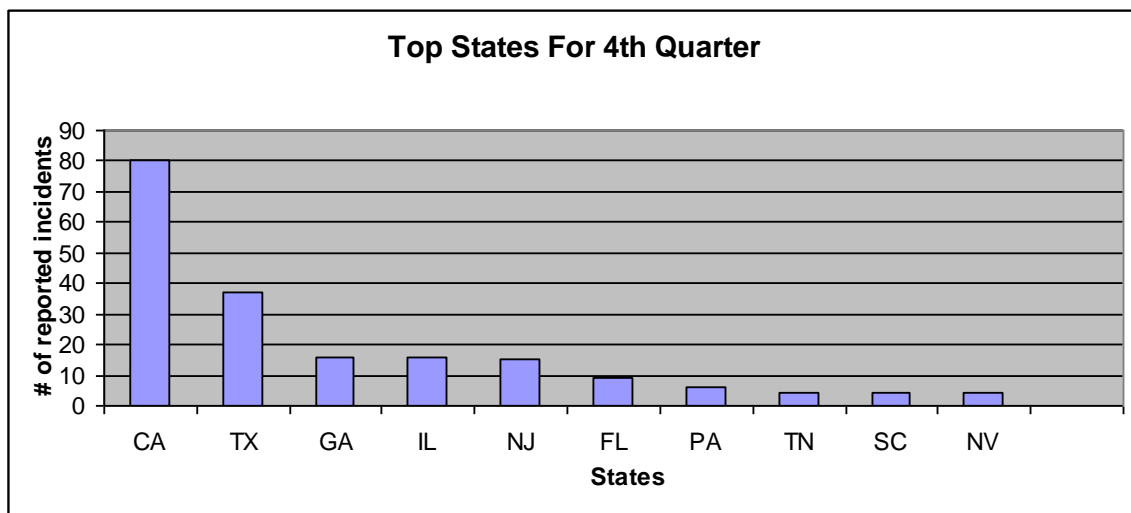
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### Cargo Theft Activity by State

The 4<sup>th</sup> Quarter data found that three states, California, Texas and Georgia retain the top spots of reported cargo theft activity. California out-paced all states with a whopping 80 reported incidents for this time frame. Texas reported 37 incidents while Georgia had 16 for the quarter. Illinois also reported a total of 16 thefts and New Jersey had 15 to round out the top 5 states for cargo theft activity. Florida (9), Pennsylvania (6) and Tennessee (4) were once again on the top 10 list though reported activity dropped in Florida (-1) and Tennessee (-2) and Pennsylvania was flat compared to last quarter. The top 10 most active cargo theft states is completed with newcomers South Carolina and Nevada both making the list, with 4 reported incidents apiece.

Arkansas dropped off the 4<sup>th</sup> Quarter top states lists by only reporting a total of three incidents for the time period, compared to the 7 events that were reported during the 3<sup>rd</sup> Quarter. North Carolina just missed the list of most active states with 3 incidents for the period, while Virginia, Ohio, Maryland, Indiana, Arizona and Alabama all had 2 reported events for the quarter.

Kentucky and Missouri both logged one theft incident each, as did first time reported states, Colorado and Nebraska.





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This quarter is no different from previous quarterly reports, where we have pointed out that the theft activity reported is not necessarily a true reflection of the magnitude of cargo theft activity occurring in each state. We are thankful for the on-going submissions we receive from California Highway Patrol, New Jersey State Police and the Security Council's in Texas and Georgia but recognize that this may skew the perspective of cargo theft activity in these specific areas. Our on-going efforts to request cargo theft activity from law enforcement nationwide along with stakeholders of the global supply chain is the only way to rectify any shortcoming and provide a clear and more representative picture of cargo theft activity by state.

### **Where Thefts Occur**

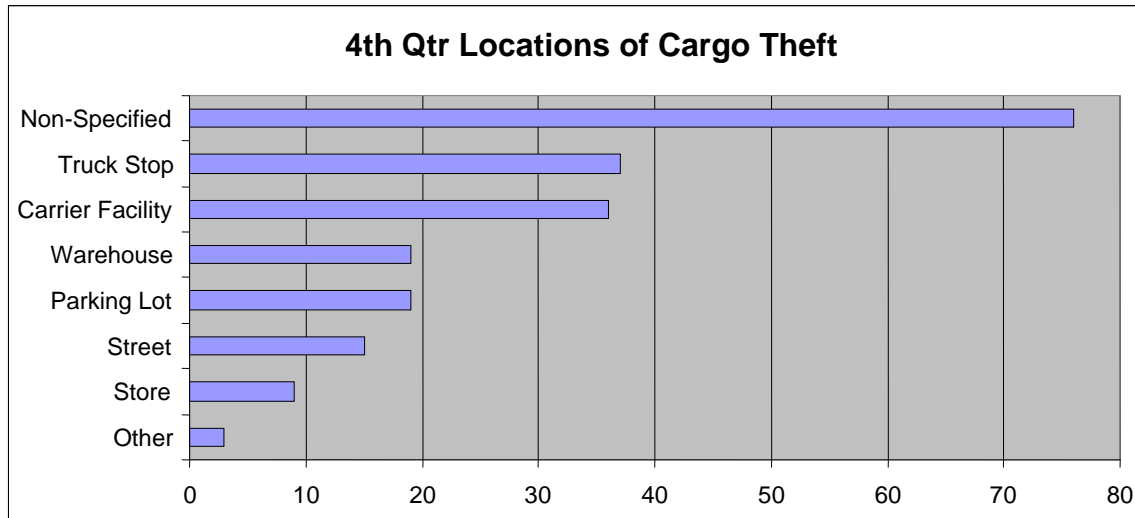
The theft incidents provided for the 4<sup>th</sup> Quarter shows a negligible difference of activity between Truck Stops (37) and Carrier Facilities (36), as the two locations once again shuffle between the top two locations for cargo theft activity. Warehouses were particularly vulnerable during this quarter with 19 incidents, most likely due to larger inventories on hand and heavy shipping volumes because of the busy holiday season. Parking lots had 19 incidents while Streets reported 15 incidents during this time period. We also saw a big jump in Store activity this quarter with 9 incidents reported, primarily due to loaded trailers being stolen from receiving areas. The Other category shows 3 incidents occurring at a border checkpoint, a seaport and a state-run weigh station. The quarter also had a year high number of reported theft incidents that fail to identify a specific location, due in part to batch data we received from law enforcement sources.



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Once again, we have found that thieves have not been deterred from stealing vehicles and cargo from locations that claim to be “secure” or where the driver is present. Alarmingly we are seeing a trend of indifference on the part of cargo thieves with respect to security measures either maintained by equipment or personnel. During the 4<sup>th</sup> Quarter, three robberies occurring at a facility, a truck stop and on the street were reported. Also during this time period, three other incidents occurred where the driver confronted the thieves as they made off with cargo from their parked trailer. The boldness portrayed by thieves and their increased propensity towards a threat of violence, if not the act itself should have all stakeholders re-evaluate their operational procedures on the safety and security of drivers, vehicles and cargo.

Though the quantity of non-specified locations on reported theft incidents is large, we do not believe that it would dramatically alter the findings that we have made to date. We will however continue to ask for complete and detailed information as possible on all theft related submissions, in order to validate our current assertions and identify any upcoming changes where thieves are attacking the supply chain.



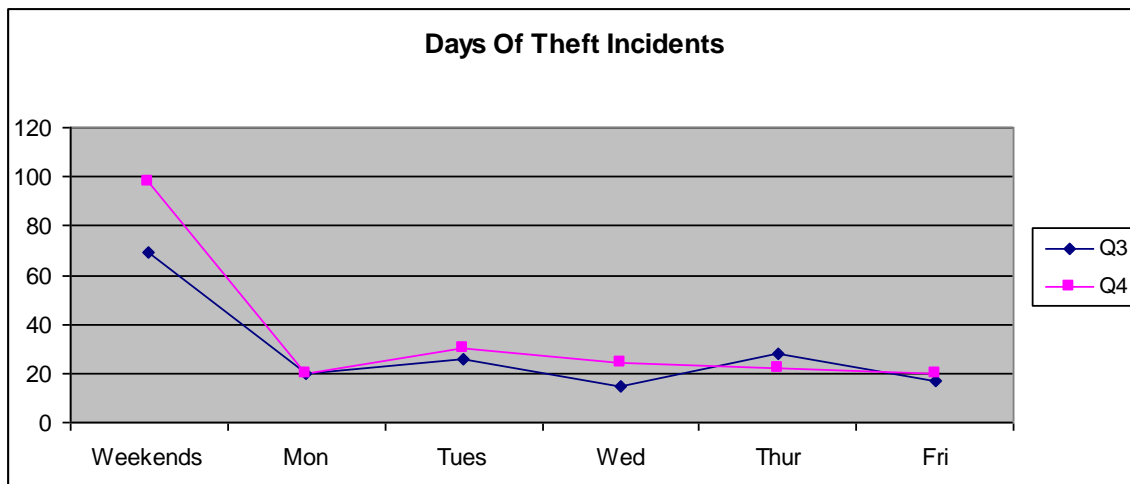
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### When Thefts Occur

As noted in the chart below, the day of the week in which thefts occur are closely aligned during the second half of the year, with once again the majority of criminal behavior occurring during the weekends. The significant increase in weekend activity during the 4<sup>th</sup> Quarter is most likely attributed to the Thanksgiving, Christmas and New Year's holidays all occurring on Thursday/Friday leaving vehicles and freight unattended for extended weekends during November and December. The slight uptick in activity on Wednesday and slight decrease on Thursday may also be attributed to the holiday calendar. A total of 24 thefts were reported over the holiday period.



There were 24 incidents (11%) reported where the freight was stolen in less than 4 hours of being left unattended or at rest, during the 4<sup>th</sup> Quarter. Percentage wise this raises the length of time before the vehicle and/or cargo is stolen compared to the past two quarters but given that we had three major holidays where vehicles were parked for extended periods of time, the actual time of the theft is likely to have been unknown. Drilling down on those time sensitive reported thefts, we find that 45% occurred within one hour or less of the vehicle/cargo being left unattended. Once again this level of detailed data provides us with a reinforcement of the profile of thieves targeting specific vehicles and/or cargo and striking as soon as the opportunity presents itself.



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### What's Stolen

For the second quarter in a row, Food retains the top spot for most stolen commodity with a total of 42 reported incidents for the months of October, November and December 2009. Rounding out the Top 5 most stolen commodities for the 4<sup>th</sup> Quarter include Consumer Electronics (23), Clothing & Accessories (21), Building Supplies (16) and Automotive (13). For the first time this year each and every identified category reported at least one commodity theft during the 4<sup>th</sup> Quarter. The breakdown of those commodities that were not previously named in the Top 5 list of most stolen includes:

- Health & Beauty (11)
- Appliances (11)
- Other (11)
- Computers & peripherals (10)
- Tobacco/Spirited Beverages (10)
- Drugs/Medical (7)
- Furniture (5)
- Housewares (5)
- Music/Movies/Software (3)
- Unknown (1)

During the quarter we also had 9 incidents that involved equipment without cargo.

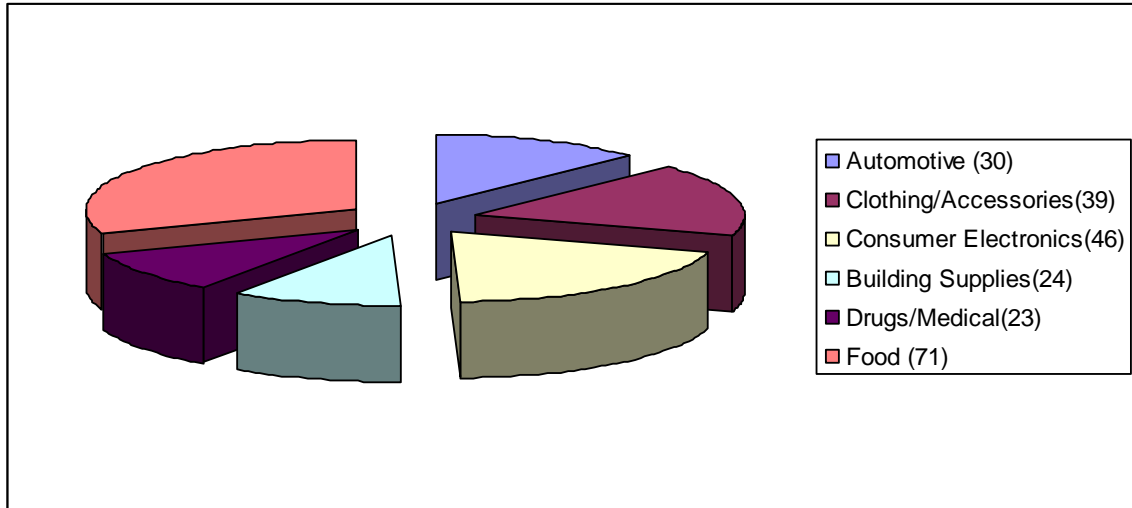
The chart below illustrates the Top 6 Commodities stolen during the 3<sup>rd</sup> and 4<sup>th</sup> Quarters. This grouping essentials mirrors the primary commodities stolen during the 4<sup>th</sup> Quarter with the addition of Drugs/Medical which would have ranked 8<sup>th</sup> for the quarter.




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Throughout the year we have noticed an increase in detailed information provided on theft incidents and particularly with regards to specific items taken. This has helped us identify the most pilfered products, while advancing the debate of whether thieves target specific goods or just take advantage of the most vulnerable freight. Either way, stakeholders should look to this list of most stolen items and determine if they are using due diligence in securing those goods most prone to theft.

The most pilfered items for the 4<sup>th</sup> Quarter 2009 include:

| <b>Category</b>            | <b>Items</b>            |
|----------------------------|-------------------------|
| Automotive                 | Tires                   |
| Clothing & Accessories     | Clothing                |
| Consumer Electronics       | TV's                    |
| Computers & Peripherals    | Hard Drives/modems      |
| Food /Consumable goods     | Beverages (non-Alcohol) |
| Drug & Medical             | Pharmaceuticals         |
| Health & Beauty            | Cosmetics/Perfume       |
| Music/Movies/Software      | Video Games             |
| Tobacco/Spirited Beverages | Liquor/Beer             |
| Building Supplies          | Cooper Tubing           |
| Appliances                 | Washer/Dryer            |
| Furniture                  | Sofas                   |
| Housewares                 | Linens/Bedding          |

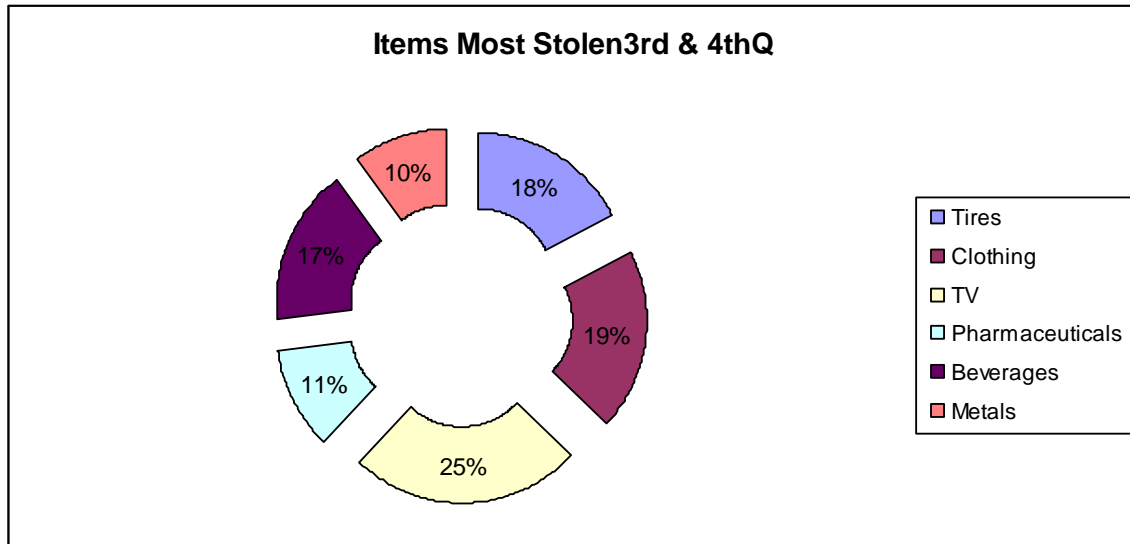



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The Top 6 Items most often stolen during the last six months of 2009 are shown in the below graph.



### Losses and Recoveries

For the three months of October, November and December 2009 we collected dollar losses on 83 incidents out of the 214 cargo theft reports for both vehicles and cargo. The total amount reported lost for the 4<sup>th</sup> Quarter of 2009 was \$ 29,182,379.00.

| Month | # of Incidents w/Dollars | Loss Amount     | #of Incidents Recovered | \$Recovered    |
|-------|--------------------------|-----------------|-------------------------|----------------|
| Oct   | 31                       | \$17,014,593.00 | 10                      | \$182,000.00   |
| Nov   | 24                       | \$3,833,289.00  | 8                       | \$441,000.00   |
| Dec   | 28                       | \$8,334,497.00  | 7                       | \$1,455,000.00 |

Based on the submitted data, the recovery dollars are only a fraction of the overall losses for the 4<sup>th</sup> Quarter of 2009 and on the surface would suggest that supply chain stakeholders are losing the battle waged against cargo thieves. We think that this view is premature for two reasons 1) contributors of theft reports have not always provided



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follow up data on recovery activity and 2) investigations into criminal enterprises often take more than one quarter to resolve, therefore missing publication cut offs.

Of the total number of vehicles recovered with or without loaded cargo, all but three were recovered within the state in which the initial theft occurred. Of the three out of state recoveries, all vehicles were discovered without its cargo. Two of the trailers were found in Florida and the third in New Jersey.

This is the second quarter that the sampling data implies that timeliness in reporting and sharing of loss information amongst law enforcement and supply chain stakeholders increases the likelihood of both vehicles and cargo being recovered within the same state.

In order to draw more definitive conclusions about cargo theft activity in general we need to acquire more data with regards to vehicle and cargo recovery. Our incident database allows us to update any of the theft data as warranted regardless of when the event occurred or if previously published. We strongly encourage the SC-ISAC membership to provide as much detailed recovery information as available which will bolster this analysis in the future.

### Summary

With each passing quarter we find that the SC-ISAC membership and colleagues are working harder to combat cargo theft and in doing so are becoming more cognizant of the value of sharing information with industry and law enforcement partners. The 4<sup>th</sup> Quarter of 2009 continues with this sentiment offering a clear and more focused picture of cargo theft activity in general. We greatly appreciate our membership and their increased use of the SC-ISAC as a tool in communicating losses as well as taking heed to the lessons unfortunately learned at the hands of those victimized by cargo theft criminals. Working together in a trusted community is the only way that we will win this battle against a suspected organized and growing group of thieves, who continually demonstrate that they are willing to threaten and employ violent tactics to take what they want, at the peril of the rightful owners and agents.

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).