



Supply Chain - Information Sharing and Analysis Center

2015 1st Quarter Supply Chain ISAC Report of Cargo Theft Activity

The Supply Chain Information Sharing and Analysis Center's (SC-ISAC) primary mission is to continue 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 trusted community of manufacturers, shippers, distributors, consignees, law enforcement and insurance entities, where critical information impacting the supply chain is shared.

This information, after being archived and analyzed, allows us to understand the actions of the cargo criminals and how they react to industry and law enforcement actions related to prevention and enforcement. Significant data shows that identity theft and fictitious pick up activity is continuing but the other methods of operation, which have been identified in the past are still alive and well. Although many brokers are making strides in vetting carriers and putting in processes to limit identity theft issues, but that MO is still alive and well. Opportunistic and truck stop crime continues to exist as a criminal method of operation and the old reliable surveillance and follow of known criminal gangs from South Florida continue to thrive. These criminal activities are not limited to certain geographical area or to just a few commodity verticals. Having awareness of the many methods of operations and the risks they pose, allow us as an industry to operate in the best and most secure way.

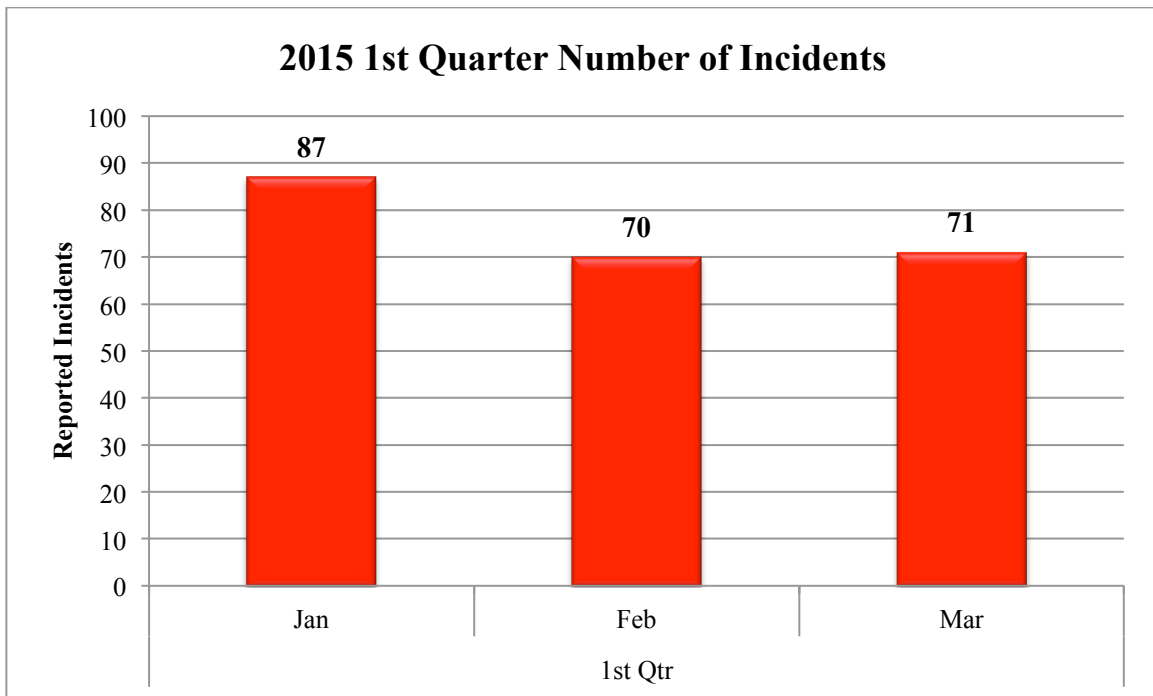


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Data

In 2015, during the 1st quarter, the SC-ISAC recorded 228 incidents, down from the 259 reported in the 2014 4th Quarter Cargo Theft Report but up tremendously from the 125 recorded in the first quarter of 2014. The downward trend that was shown in the first two quarters of last year seems to have disappeared. It will be interesting to see which direction the 2nd quarter of 2015 goes.

Of the 228 incidents reported this quarter, most continue to be reported as theft but it remains apparent that the Identity Theft methods are very active.

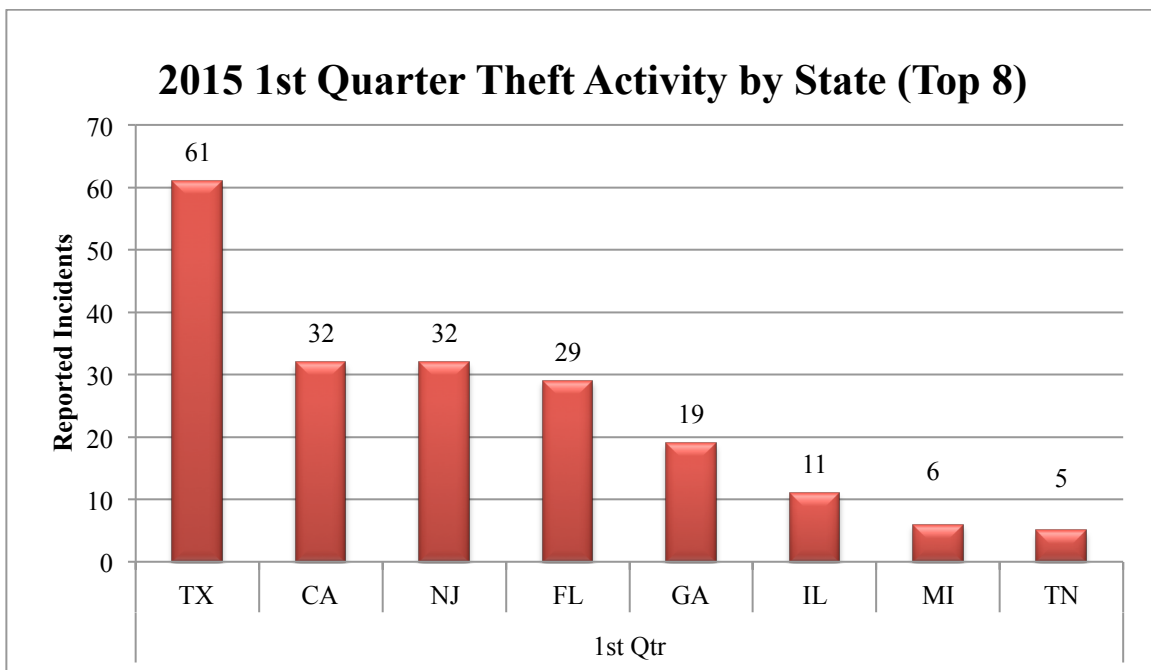




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Cargo Theft Activity by State

In tracking Cargo Theft activity by state as reported to the SC-ISAC in the first quarter of 2015, we see Texas continuing its strong showing by having more incidents than California for the fourth of the last five quarters. New Jersey had a strong quarter, tying California for number of incidents while Florida and Georgia both remained very active. These top six states should be considered very high risk locations as they continually rate in the top of the charts. When you drill down further, you see hot spot areas in those states around Dallas, the LA Basin, Atlanta, Chicago, and Miami while New Jersey seemingly had activity in many different municipalities.

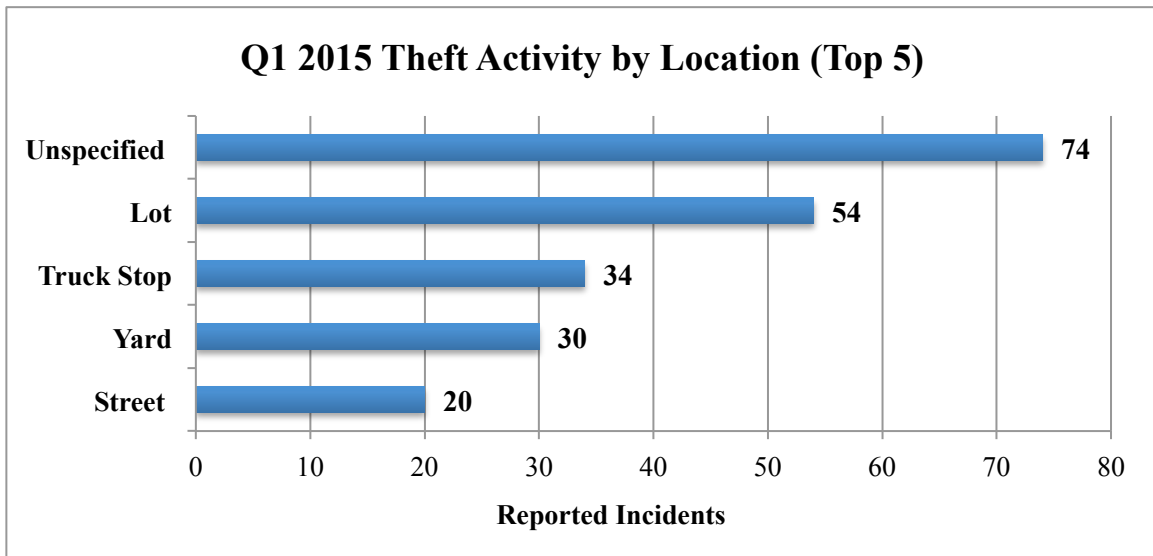




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Where Thefts Occur

In 2015, this chart remains the most inconsistent and least informative because of the amount of unspecified batch data and incomplete reporting that did not designate the type of location where the theft occurred. We still want to stress that after years of doing analysis; we know that the location type is not as significant as what is done at the location once the rig and cargo has arrived. If the driver leaves the rig and loaded trailer unattended and unsecured for any period of time, the opportunity for theft occurs. This chart should make you focus on orientation and education of your drivers to the awareness of the ease with which rigs and loads can be taken, no matter how long they are being left unattended and especially if they are laden with any of the targeted commodities listed in this report. The unspecified column comes from the batch data provided which does not designate a type of offense location.

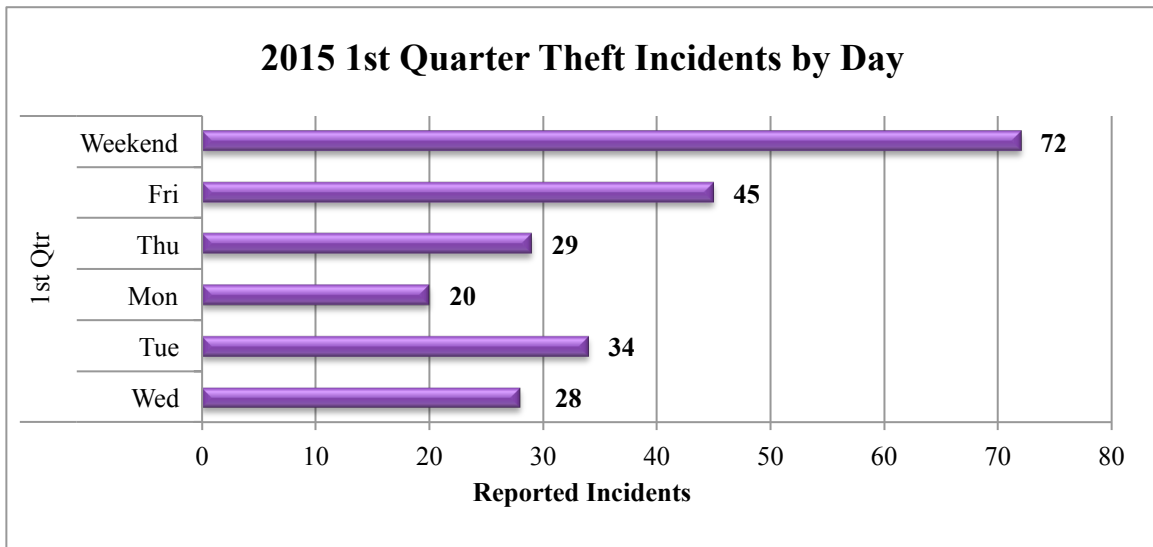




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When Thefts Occur

The data collected on when incidents occur has remained very consistent from day one of collection and analysis. This report shows that theft incidents on the weekend days represented about 32%, with the norm being in the 40% range. If you add the Friday and Monday totals, the percentage goes up to 60% in this report where the norm is about 70%. This is the second quarter in a row where the weekend and Friday to Monday time period were a little below the norm. Even though the weekend incidents are down, these days of the week the most active for cargo crime incidents with three day weekends being a very favored time for those who prey on the industry.



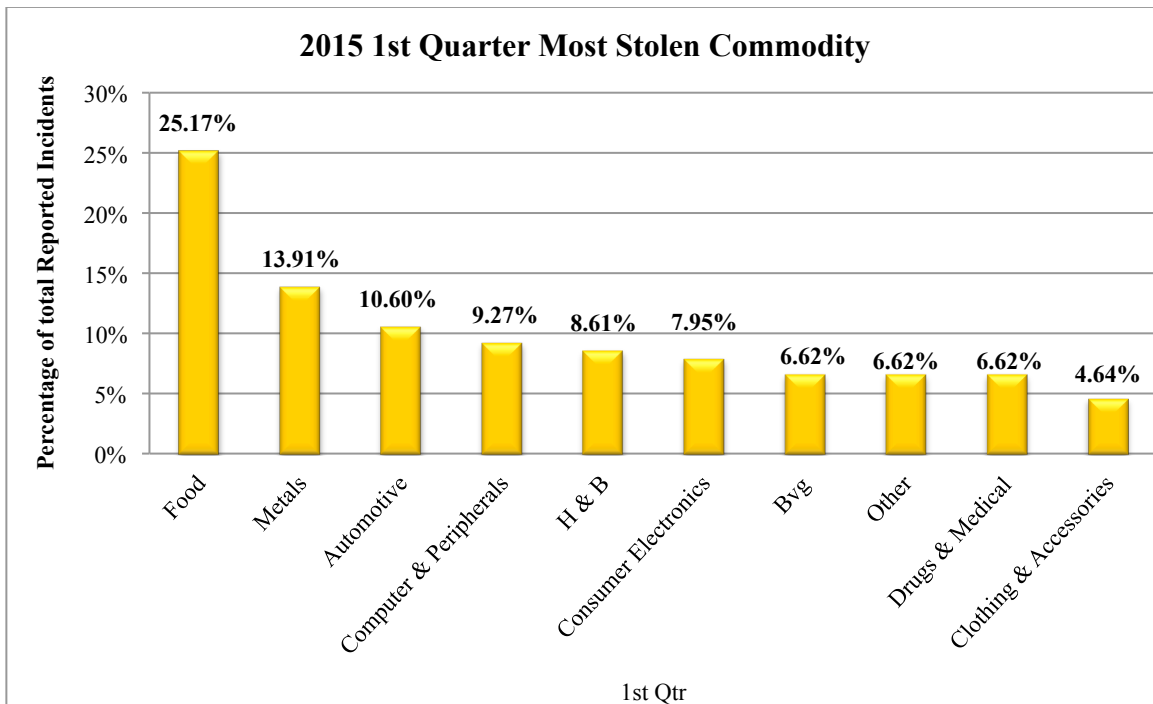
We are being as redundant as we can be when we say this is the most consistent and reliable pattern of any of the continuing analysis. Supply chain operations personnel should focus their time and energy to security planning, prevention and preparation for the weekend time period, inputting controls and operations to deal with this time proven statistic and reality.



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What's Stolen

As we look at the targeted commodities for the 1st Quarter of 2015, we see that the Food category surged back into the number one spot after a hiatus of sorts in the past year. Food was number one in the first quarter of the 2014 reporting but not at this percentage of the thefts. In the other three quarters of last year, food was not the most targeted commodity in any of the other three quarters. Consumer Electronics, which lead for the other three quarters of 2014, fell to the sixth position in this first quarter analysis. Metals made a jump to second and automotive moved to third with a pretty strong percentage. Also, for the first time in quite a while, drugs and medical appeared back in the chart. Remember, the commodity is the number one indicator for the surveillance and follow organized groups. If you ship or handle these type of commodities, your risk is higher than those who do not.



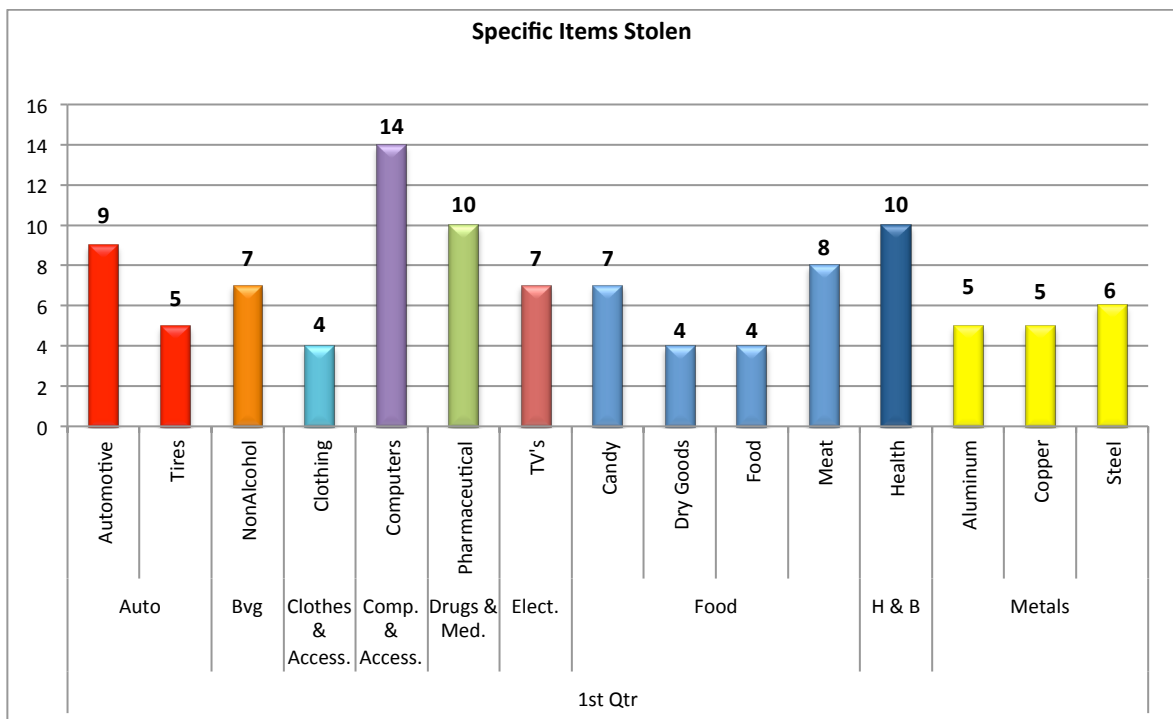


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Because of the level of detail that the SC-ISAC members continue to provide on individual theft incidents, we are able to drill down and look more specifically at the types of products being stolen within the reported commodity groups.

The Specific Items Stolen chart illustrates the frequency in which a specific product(s) is stolen in relationship to the most stolen commodity. Of the ten most stolen commodities for the 1st Quarter 2015 discussed earlier in this report, we have analyzed and identified the most frequently stolen items within those categories.

Food products lead the commodity chart but this chart shows that not one type of product was targeted much more than the others. Metals were pretty evenly divided in the types stolen while tires is seemingly a favorite of the thieves in the automotive category right now. Computers were the top individual electronic target with the most reported incidents in this area.





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Loss Average

For the months of January, February and March of 2015, we recorded dollar losses on 84 of the reported cargo theft incidents (37%) of the 228 incidents. Those 84 incidents have an average loss amount of **\$196,069.00**. If that average was spread over the total of 228, the loss amount would be **\$44,703,732.00** for the first quarter, about \$19K per incident more than last quarter of 2014.



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Summary

The cargo theft data collected during the months of January, February and March of 2015 and used in this analysis continue to designate strong and consistent patterns in key areas, including where and when cargo thieves prefer to strike and the products they target to steal.

As the SC-ISAC membership continues to share current and on-going investigative reports, we are able to analyze the data and identify some of the thieves operating patterns. Over the past couple of years we have seen cargo theft groups mature in their thinking and actions. Organized cargo groups have shown a willingness to learn proven business practices, coupled with mastering current technology in order to advance their criminal enterprise. Supply chain stakeholders should ask themselves if they have the aptitude for change, resiliency and innovation in order to battle the current organized and opportunistic groups who target our industry.

We appreciate the industry membership and law enforcement officers and groups, who are assigned cargo crimes, who participate in the information sharing which allows us to provide robust and meaningful analysis based on the submitted theft reports. The sharing of information allows us all to learn (or revisit) lessons without having to be victimized as well and gives us the awareness to make the correct operational and security decisions to give us the best chance for success in the quest to reduce and prevent losses.

For further information about the Supply Chain ISAC or the data used in this report, please contact April Tiger at atiger@lojacksci.com or JJ Coughlin at jjcoughlin@lojacksci.com