



Date: May 18, 2011
Regarding: **2010 NICB Identified Cargo Thefts**
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Executive Summary

The aim of this *ForeCAST* report is to identify, for cargo and insurance fraud professionals, the problems, methods, and costs associated with cargo theft. In a proactive effort to identify and combat cargo theft, the National Insurance Crime Bureau (NICB) has prepared the following report on the 747 NICB identified cargo thefts in 2010. The report is an overview of cargo thefts trends and patterns in 2010.

Cargo theft is a costly and significant threat to both retail and insurance companies with a Federal Bureau of Investigation (FBI) estimated yearly price tag of \$30 billion dollars.

The NICB has identified high levels of cargo theft in several high volume transit areas of the United States; for example, Los Angeles, Dallas, Memphis, Chicago, and Atlanta are among the US cities most affected by cargo theft. Transportation and cargo related assets are high in these areas, providing thieves with easy access to large amounts of cargo. Electronics, food, and clothing were identified by the NICB as the top three identified commodity types for cargo theft in 2010. All three commodities are relatively easy for criminals to sell after the theft.

Although cargo theft is a large and growing problem, cargo and insurance fraud professionals can make a difference. By following simple, common sense, guidelines many instances of cargo theft can be avoided, saving businesses and consumers millions of dollars a year in lost revenue and insurance claims.

Cargo Theft: An Overview

Scope of the Problem

The FBI defines cargo theft as any commercial good stolen between its origin and final destination. This includes thefts from trains, semi-tractors, boats, warehouses, and many other transportation and storage locations. Please see [Appendix 1](#) for an overview of various transportation types.

Although the total number and value of cargo theft each year is hard to identify, recent FBI estimates place the loss value at \$30 billion dollars a year, resulting in an estimated 20% mark-up in retail prices for consumers. In addition to the monetary costs of cargo theft there is also the human cost, with the potential for truck drivers and employees to be hurt during cargo thefts (Federal Bureau of Investigation 2010).



Access the Link Below for a Video Showing the Highlights of the 2010 National Cargo Theft Summit in Washington, DC: [2010 Cargo Theft Summit](#)

Cargo Theft Methods

Cargo theft can happen anywhere at any time; however, as with most crimes, there are identified patterns with a higher likelihood of cargo theft occurring at truck stops, parking lots, warehouses, and port cities: All areas where large numbers of commercial vehicles can be found (NICB 2010). Many cargo thefts occur shortly after the driver has left the warehouse usually within 200 miles or four hours. Thieves will follow drivers until they stop, at which time the cargo is stolen, often in less than five minutes. In addition to thefts of cargo while in transit, there is a growing trend of cargo thefts involving “fraudulent pickups.”

A fraudulent pickup is where a driver or trucking company (often accessing cargo load information through online brokering sites) impersonates a legitimate carrier and secures a contract to transport cargo. The cargo is then stolen, often with no trace of the fraudulent driver or trucking company (Freightwatch International 2011).

NICB Identified Cargo Thefts: 2010

Using various methods the NICB collected information on 747 incidents of cargo theft in 2010, with an identified loss value of over \$171,000,000¹. Although not exhaustive, the information identified in this report does represent a conservative picture of recent trends and patterns in cargo thefts, closely mirroring similar industry reports.

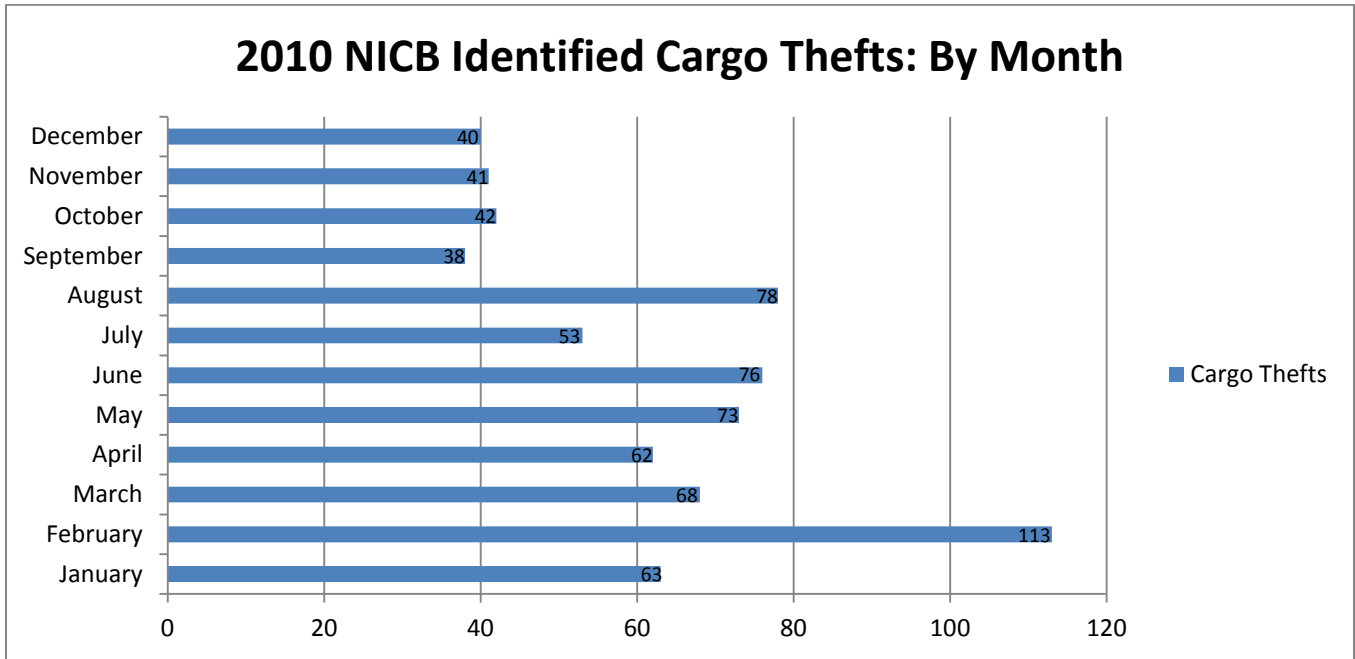
Shown below are tables, graphs, and maps identifying cargo thefts by location, month, and commodity type. Some of the 747 NICB identified incidents may not be represented, as not all of data contained complete information.

2010 NICB Identified Cargo Thefts by State							
State	Number of Cargo Thefts	State	Number of Cargo Thefts	State	Number of Cargo Thefts	State	Number of Cargo Thefts
CA	247	IN	7	NE	1	MT	1
TX	91	MA	6	LA	1	KS	1
FL	66	KY	6	CO	1	WY	0
IL	56	CT	6	VT	0	SD	0
TN	40	VA	5	OR	0	ND	0
GA	39	OK	5	MN	0	ME	0
NJ	17	AZ	4	ID	0	HI	0
MD	15	AL	4	DE	0	DC	0
OH	14	WI	3	AK	0		
MI	14	NY	3				
PA	13	NV	3				
NC	13	UT	2				
NM	12	IA	2				
MO	11	WV	1				
SC	10	WA	1				
AR	10	RI	1				
MS	8	NH	1				

California was identified as the top state for cargo thefts in 2010 with 247 NICB identified incidents. The second highest state for 2010 was Texas (91) with 63% fewer identified cargo thefts than California. Twelve states had no NICB identified cargo thefts in 2010.

Access the Following Link to View all of the NICB’s Cargo Related Taskforces (NICB Website Access Required): [NICB Cargo Taskforces](#)

¹ Not all NICB identified cargo theft information had an identified loss value



February had the most NICB identified cargo thefts in 2010 with 113. Further analysis of the monthly cargo theft data revealed no specific trends or patterns in 2010. This is in line with overall cargo theft patterns which are cyclical in nature but often vary from year to year, making single year theft patterns difficult to identify (Freightwatch International 2011).

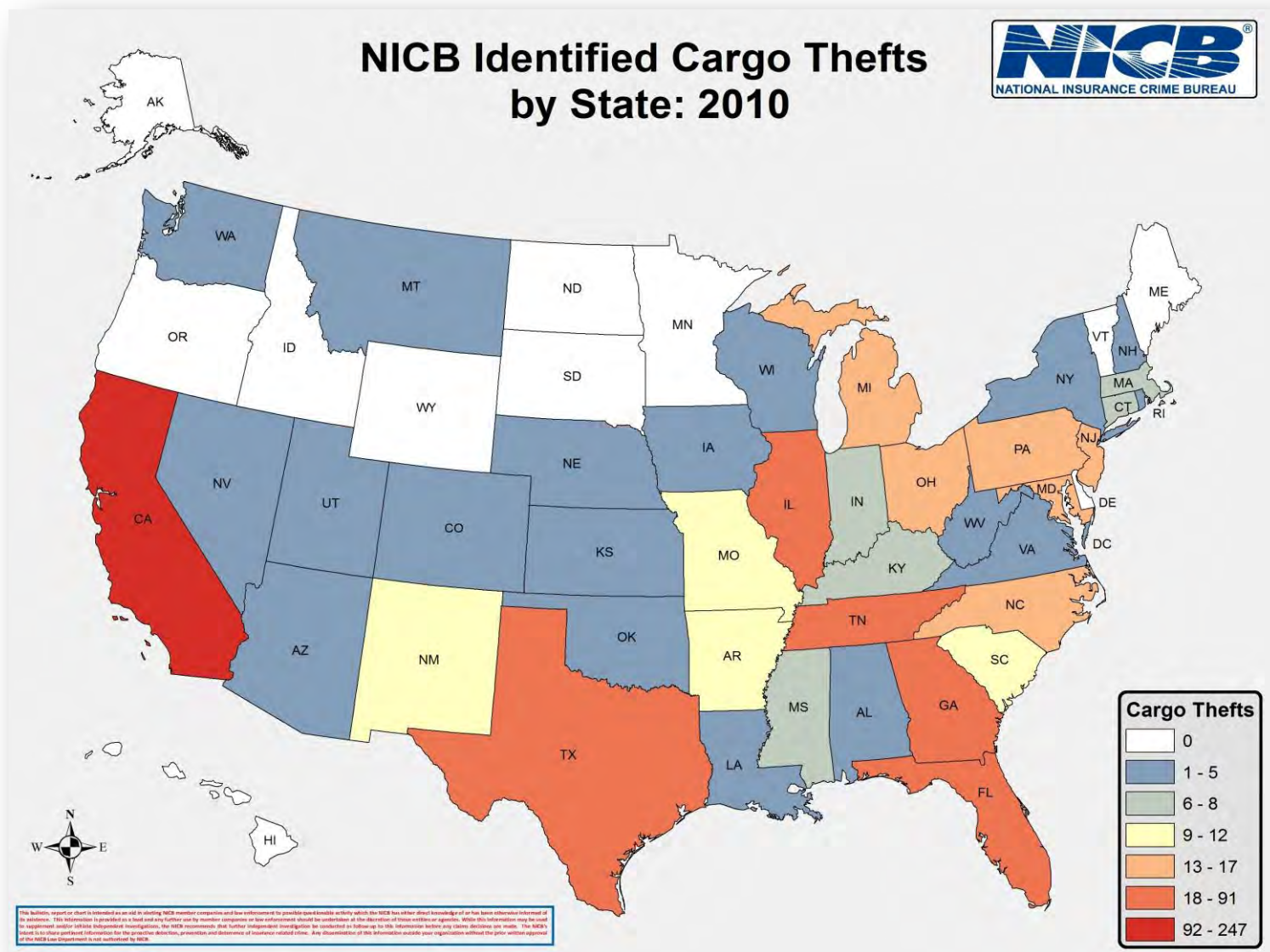
2010 NICB Identified Cargo Thefts by Commodity Type			
Commodity	Cargo Thefts	Commodity	Cargo Thefts
Electronics	139	Construction Materials	26
Other	118	Appliances	19
Food	108	Heavy Equipment	8
Clothing	73	Medical Supplies	7
Automotive	52	Controlled Pharmaceuticals	5
Beverages	46	Furniture	5
Metal	36	Infant Formula	5
Health and Beauty	34	Over the Counter Pharmaceuticals	2
Unknown	34	Firearms	1
Pharmaceuticals	29		

The commodity type of “electronics” was identified by NICB as the most stolen cargo type in 2010 at 139 thefts. Electronics, food, and clothing were identified as the top three commodity types (excluding other). All three commodities are relatively easy for criminals to sell after they are stolen with many of the goods being resold online, at flea markets, and overseas.



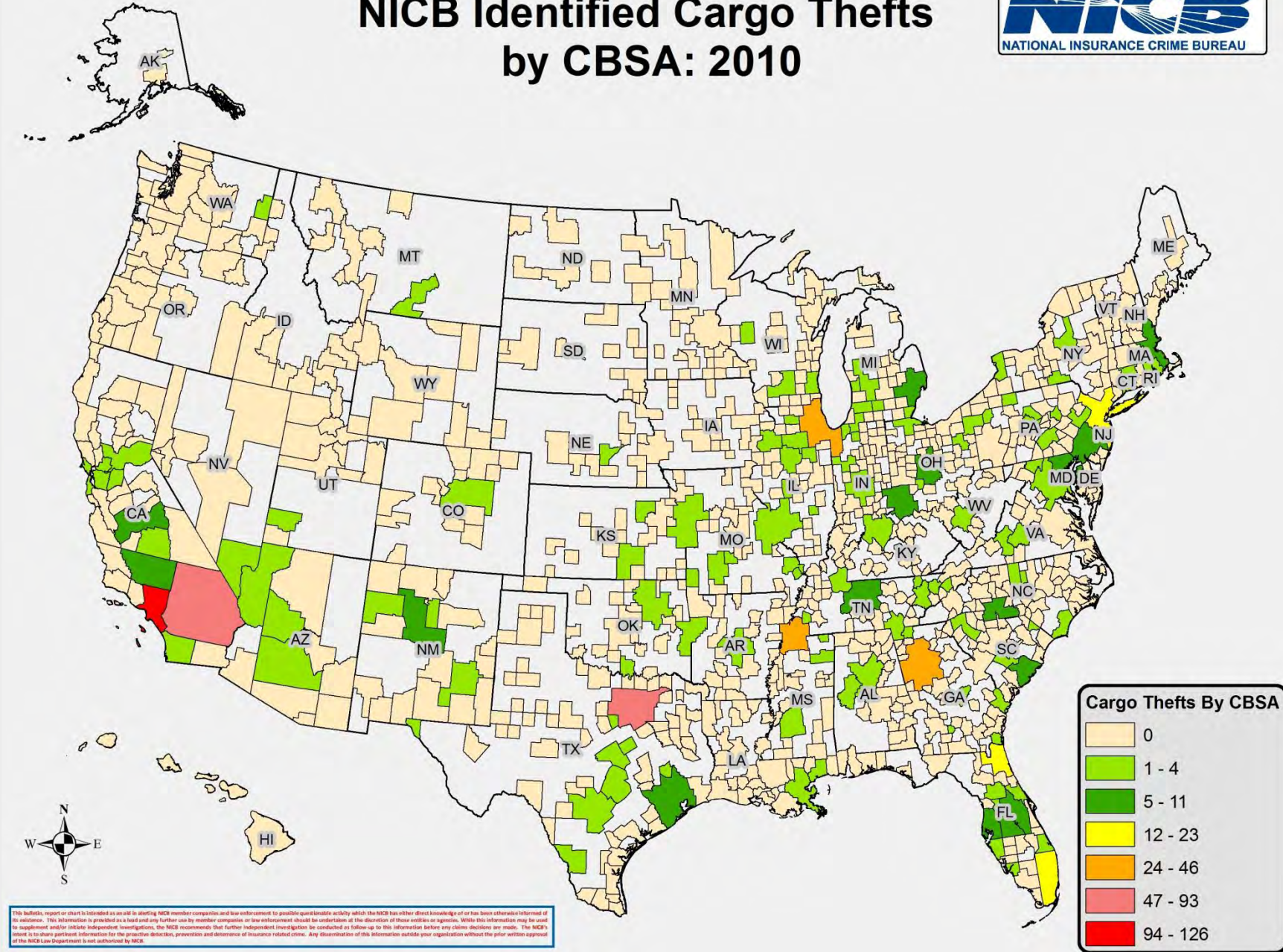
2010 NICB Identified Cargo Thefts: A Geographic Analysis

To aid in the identification of patterns and trends, the NICB completed a geographic analysis of the 2010 NICB identified cargo thefts. The outcome of this analysis is three maps. Each map depicts cargo thefts on a different geographic scale: by state, core based statistical area (CBSA)², and city. Analysis of the geographic data can be found on page eight of this report.

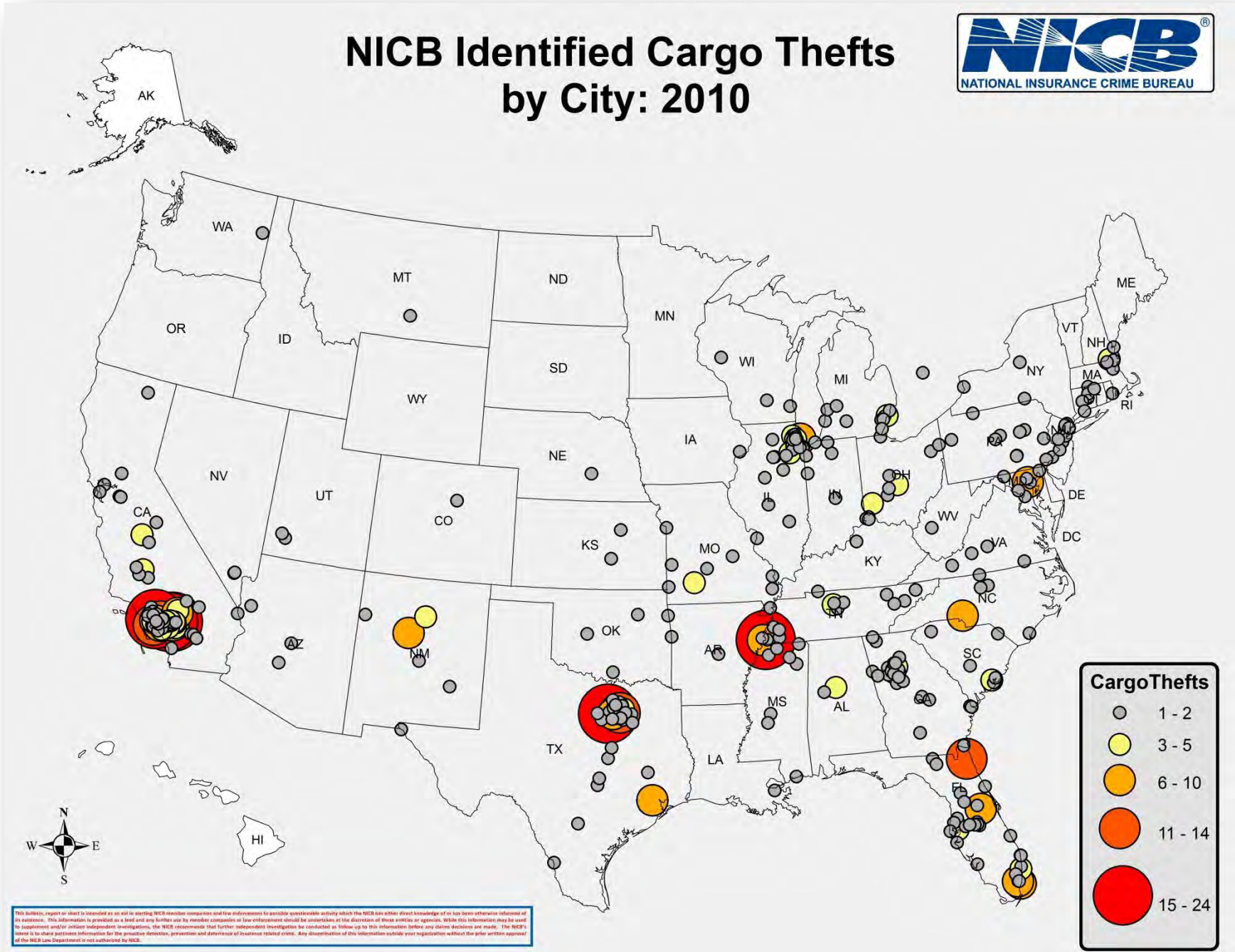


² "The term "Core Based Statistical Area" (CBSA) is a collective term for both metro and micro areas. A metro area contains a core urban area of 50,000 or more population, and a micro area contains an urban core of at least 10,000 (but less than 50,000) population." (U.S. Census Bureau Website)

NICB Identified Cargo Thefts by CBSA: 2010



NICB Identified Cargo Thefts by City: 2010



Geographic Analysis-

Analysis of the geographic data represented above shows a concentration of cargo thefts in the metropolitan areas of Los Angeles, Dallas, Memphis, Chicago, and Atlanta. All of these areas have substantial cargo and transportation related facilities providing thieves with easy access to large amounts of cargo.

The CBSA with the most cargo thefts in 2010 was the "Los Angeles-Long Beach-Riverside, CA" at 126 NICB identified cargo thefts in 2010. Los Angeles, CA is one of the most active seaports in the country, with vast amounts of cargo from Asia offloaded for transport throughout the US every day.



Memphis, TN was the individual city with the most NICB identified cargo thefts in 2010 at 24. The Memphis is a crossroads for interstate trucking with a large number of truck stops and warehouse facilities in the area.

Cargo Theft: Prevention

Preventing a loss before it happens is essential to reducing the harmful economic and personal costs of cargo theft. Most thefts of cargo are never recovered and those that are often contain damaged or tainted products that cannot be resold.

In addition to initial economic impact many products can be harmful if improperly stored and resold, particularly food products and pharmaceuticals. Infant formula is especially concerning as thieves have been known to change the expiration date on the product before it is sold to an unsuspecting buyer (Engel 2010).

To assist anti-cargo theft professionals the NICB has compiled several tips to reduce cargo theft:

- **Screen Employees:** Conduct a background check to screen all employees, but at a minimum, drivers and warehouse employees as well as anyone who has access to shipment information and other logistics details. This is the first line of defense against employee theft and potential involvement in cargo crimes.
- **Training for all Employees:** Provide security training for all employees, and educate truck drivers in hijack awareness and prevention. It is for their protection as well as for the cargo. By training how to protect the truck from hijacking and theft, five important assets are safeguarded: employee, trailer, tractor, cargo, and customers. Experience shows that a driver who knows, understands and follows the tenets of security is less likely to have their truck targeted for theft.
- **In-Transit Security:** Consider in-transit security when deciding on shipment routing. Cargo theft can be pre-planned or opportunistic. It can involve an inside informant, someone who stakes out and follows the truck, an experienced thief, organized crime, and a fence who will quickly dispose of the goods. A good rule of thumb is to ask drivers not to stop within the first 200 miles (or four hours), use secured lots, and to avoid theft hotspots. Also, avoid assigning expensive loads to new drivers with less than 30 days on the job.
- **Conduct Audits:** Conduct periodic supply chain audits, and look for gaps in shipment protection. Cargo criminals are always coming up with new ways to defeat security devices and systems. By assessing your own system first you will have the opportunity to close the gaps in your supply chain.

To view the NICB brochure on Cargo Theft see Appendix 2: [Cargo Theft Brochure](#)

Conclusion

Although cargo theft may seem a distant problem to most people, cargo and insurance fraud professionals know that it affects us all. From higher retail prices to tainted food and medical supplies, all Americans suffer from cargo theft.

However, utilizing their knowledge in the field, as well the information contained in this and other NICB reports, alerts, and brochures cargo and insurance fraud professionals can help to insure a positive outcome. By following simple, common sense guidelines, many instances of cargo theft can be avoided, saving businesses and consumers millions of dollars a year in lost revenue and insurance claims.

Cargo theft is not just the “cost of doing business,” it is a crime. With a coordinated effort by cargo and insurance fraud professionals, law enforcement, and the public, a difference can be made.

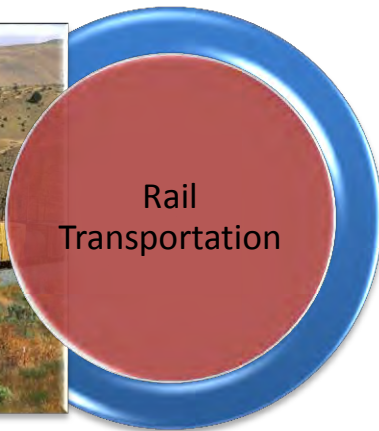
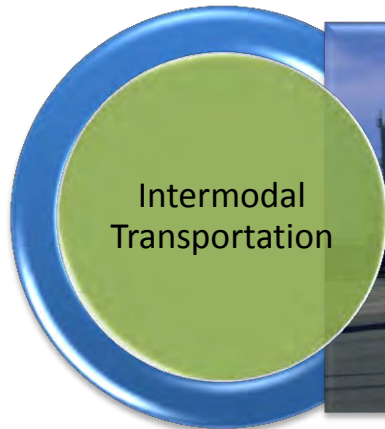


This report was made possible by contributions from the California Highway Patrol and Crime Analyst Merri Hawkins

Appendix 1:



Mouse over each of the transportation modes, and click the hyperlink, to view a multimedia presentation.



Rigging Solutions to Fight the Problem

To help combat the rash of cargo theft, FBI agents and local law enforcement operate cargo theft task forces across the country.

NICB works with the National Commercial Vehicle and Cargo Theft Prevention Task Force (NCTTF), whose members include small and large trucking companies, law enforcement agencies, insurers, self-insurers and manufacturers throughout the U.S. The NCTTF Web site - www.nationalcargothefttaskforce.org - is a central point of contact for law enforcement and the insurance and transportation industries as we fight collaboratively to combat cargo theft.

NICB has partnered with the Insurance Services Office (ISO) to create CargoNet™, a national cargo recovery network found at www.cargonet.com that connects all regional databases to share information on cargo theft.

If you suspect cargo theft activities, contact NICB in one of three easy ways:

1. Text "FRAUD" and your tip to TIP411 (847411).
2. Call 1-800-TEL-NICB (1-800-835-6422).
3. Submit a form on www.nicb.org.

Your tip can be anonymous.



For More Information

The National Insurance Crime Bureau (NICB) is the nation's leading nonprofit organization exclusively dedicated to leading a united effort of insurers, law enforcement agencies and representatives of the public to prevent and combat insurance fraud and crime through data analytics, investigations, training, legislative advocacy and public awareness.

You can learn more about cargo theft on the NICB's Web site at www.nicb.org.



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Cargo theft is a nationwide issue with a significant impact on the U.S. economy. It's estimated that cargo crime accounts for a direct merchandise loss of \$15 to \$30 billion per year in the U.S., and those figures are growing every year.¹ This is even more alarming since virtually all goods manufactured domestically and internationally are transported by truck and rail within the continental U.S.

To get the goods, gangs and organized criminal enterprises target cargo at truck stops, parking lots, warehouses, airports and port cities - all areas where freight is either in-transit or stored in warehouses. Freight that's at rest is at risk.

Cargo theft groups are on the lookout for trailers carrying brand name, high-end items such as electronics, sports equipment and pharmaceuticals. Even one stolen trailer pays out. The FBI estimates that the average trailer carries between \$12,000 - \$3 million in cargo.¹

Merchandise is then sold on the black market or online auctions with profits used to fund these criminal enterprises. There is also the potential for funding terrorist organizations.

Cargo theft is a lucrative business that isn't slowing down. FreightWatch International reports that U.S. cargo thefts, full truckload losses and warehouse burglaries increased by 13 percent over a one-year span.

With law enforcement resources stretched to capacity in many areas of the country as they address traditional crime groups, this leaves little time to address cargo theft.

That's why organized criminal enterprises view cargo theft as a low-risk crime with high-profit potential.

¹Federal Bureau of Investigation. "Cargo Theft's High Cost: Thieves Stealing Billions Annually." fbi.gov, 21, July 2006.

7 Steps to Prevent Cargo Theft

NICB and its member companies offer these helpful tips for protecting your load:

1. Screen Employees

Conduct a background check to screen all employees, but at a minimum, drivers and warehouse employees as well as anyone who has access to shipment information and other logistics details. This is your first line of defense against employee theft and their potential involvement in cargo crimes.

2. Training for All Employees

Provide security training for all employees, and especially make sure to educate truck drivers in hijack awareness and prevention. It is for their protection as well as for the cargo. By training how to protect the truck from hijacking and theft, five important assets are safeguarded: employee, trailer, tractor, cargo and customers. Experience shows that a driver who knows, understands and follows the basic tenets of security is less likely to have their truck targeted for theft.

3. Be Smart in Selecting Transportation Partners

Select transportation partners and intermediaries wisely, making sure they share your security philosophy, such as requiring strict pre-hire vetting of prospective employees and training for drivers - this is key. Remember, you are entrusting your goods, and to some extent your reputation, to these companies.

4. In-Transit Security

Consider in-transit security when deciding on shipment routing. Cargo theft can be pre-planned or opportunistic. It can involve an inside informant who stakes out and follows the truck or an experienced thief, organized crime or fence who will quickly dispose of the goods. Cargo thieves routinely wait outside known shipping points (e.g., plants, warehouses and distribution centers) and follow trucks as they depart, waiting for the drivers to stop. A good rule of thumb is to ask drivers not to stop within the first 200 miles (or four hours), use secured lots and to avoid hot spots. Also, don't give

expensive loads to new drivers who are less than 30 days on the job.

5. Countersurveillance

Include countersurveillance in the duties of your security guards. Have them patrol away from the perimeters, and look for people looking at you. Trucks and cargo are most vulnerable to theft when sitting idle. Additional security measures for drivers include parking in well-lit secure lots, limiting the time their trailers and loads are unattended, and observing or evaluating their surroundings for potential dangers.

6. Take Advantage of Technology

When it makes sense, install alarm-surveillance systems, and respond to every alert. Ensure the perimeter, entrances, building doors and windows are well lit. Vehicle and cargo tracking, vehicle immobilizers, including anti-theft heavy duty locking devices and advanced security seals, are now available at lower costs. No matter what you purchase and install, combine it with a viable escalation and response plan.

7. Conduct Audits

Conduct periodic supply chain audits, and look for gaps in shipment protection. Cargo criminals are always coming up with new ways to defeat security devices and systems. By assessing your own system first, you'll have the opportunity to close the gaps in your supply chain. It is better to anticipate criminals' moves than have to react to them.

Educate your employees should the worst happen and your cargo, trailer or truck is stolen. In these situations, how your drivers react is of the essence.



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