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In my former position as loss prevention executive for a major retailer, an important responsibility was designing security systems for store locations. My focus was always on the front of the store. I had a camera on each register, a camera on the entrance, several on the exit and one on the head cashiers station. I installed EAS systems and POS exception reporting equipment. Tens of thousands of dollars would be spent protecting my front end from thieves looking for any opportunity to pilfer the store.

Looking back, I believe I spent too much money and time in my attempt to thwart thieves that enter stores as legitimate shoppers. An attentive, well-staffed storefront can provide nearly all of the layers of protection needed. In contrast, my receiving area in those days had one camera on the receiving door. That's it. I now know that was a mistake. Let me share with you why.

### **The Scope of the Problem**

As security director for one of the nation's largest providers of retail logistics services and a member of the Board of Directors for the International Cargo Security Council, I see the true scope of retail cargo crime. Industry estimates put the total loss from cargo theft over \$30 billion annually. That's billion with a "b".

The truth is a lot of cargo theft is taking place in the rear of your stores. The thieves know the driver must get out of the tractor and knock on a receiving door. They force the driver to give up the load. Nine times out of 10 rear receiving areas are poorly lit and little camera coverage, making them ideal locations for hijacking.

Stockrooms are typically understaffed and poorly supervised. I remember my days as a door guard in my first job in the industry. When the delivery truck came I was to stand at the back door and make sure nothing was taken. I quickly found out there were several problems with this assignment. I got there after the seal was opened.

The driver broke the seal, not management, thus eliminating our chance to make sure the load was intact upon delivery. I was not instructed to perform piece counts as the merchandise entered the building. If my LP boss was not there, I was under operations direct supervision. If they told me to go to the front end, that's where I went.

Every item you fear disappearing from your storefront is brought in through the back. I now have a team of investigators that do covert surveillance on my drivers as well as "ride alongs" to review retail receiving areas. I must report not much has changed from 17 years ago when I stood guarding a receiving door. It seems the more things change, the more they remain the same.

## **Quick Fixes**

In most large value thefts occurring at stores, there are two key components – a store employee and a driver. The employee allows access to the goods, the driver has the means to transport the stolen freight unnoticed. One key tool in combating this problem is the strict rotation of drivers through various delivery routes. This will ensure that the driver and store employee never have time in advance to set up a potential heist.

You should try to implement a procedure that the driver calls into his dispatcher and then his dispatcher contacts the store to notify them of his/her arrival. This will allow for an extra set of eyes while the driver makes his way in with the paperwork. Do not allow drivers to break seals no matter what the weather or circumstance, or to remain unattended in the receiving area. An unattended driver can steal thousands of dollars in merchandise in less than 60 seconds. We routinely see managers checking off a manifest sheet while the driver yells off carton counts. Do you expect the driver to tell you about the 2 cartons of iPods he just stole?

Implementing these simple changes in your receiving area does not require huge resources. It's low hanging fruit that can make a big difference. Beyond the receiving area, security gets more complicated. Luckily, we have technology that can help us.

## **Theft Prevention Tactics**

**Background Checks.** By now everyone must have an understanding on how necessary background checks are. The strict scrutiny of potential employees is critical to eliminating losses. The most important thing I have found is the necessity to run a criminal check in every county that a potential applicant has lived. Many times you will see carriers conduct a criminal check only in the county of current residence. This is done primarily to save money.

Instead we run a report showing every known address where a person has lived, and then we run a criminal check in each if those counties. Since beginning this program, the number of "hits" has nearly tripled. This is not wasted money, buys money well spent in protecting ours and our customers' assets.

## **Locks**

Do not underestimate the value of a good lock on the back of a loaded trailer. I do a very informal survey as I drive into work on the New Jersey Turnpike each morning. I find that almost 70 percent of loaded trailers have a seal, but no lock on their load. Imagine closing up one of your stores at night and not locking the door. I know you can't imagine that. Why then would you allow someone carrying your stores merchandise to its final destination to do that exact thing? By strictly enforcing our lock policy, we have almost completely eliminated thefts in transit.

## **GPS Tracking**

For years now, trucking companies have been able to tell you where the tractor that is pulling your merchandise is at any given time. That information proved useful in making sure that just in time shipments were in fact just in time. However this technology far too many times proved useless in the event of an in transit theft or hijacking for many reasons. The first thing a thief will do is attempt to disable the GPS unit, which he has learned how to do already in seconds. Furthermore, many thefts occur after the tractor is disconnected from the trailer and another power unit is attached to make sure that no other tracking devices can possibly be used.

When this happened your freight was lost – until we got tracking for

our trailers. These systems, made by Babaco, Qualcomm and other manufactures, give us the ability to track a trailers location without a tractor attached to it. Although far from commonplace in the industry as a whole, many carriers are outfitting their entire fleets with this technology. Ask your service provider about it. At NRS, we have recovered every trailer reported stolen that was equipped with this technology.

### **Partnering with Law Enforcement**

Even when you have everything in place, you still will encounter problems. There will always be thieves. Thieves always come up with new ways to thwart technology and technology always has some percentage of failure. When this occurs, your relationships with law enforcement around the country will be your last chance for a successful recovery.

The following are two narratives of cases that were forwarded to me by my good friend Lieutenant John Antillion of the California Highway Patrol. For several years John served as the Sergeant of the California Theft Interdiction Program. This group is compiled of officers from several agencies whose only task is investigating cargo crimes.

Dear John,

We have had several investigations where the use of GPS technology was a tremendous benefit. Here are two examples:

1. Investigators located a stolen tractor and loaded trailer (designer clothing) in the city of Los Angeles. Investigators determined it was equipped with GPS technology. The system afforded investigators the ability to track the vehicles via the Internet. The system utilized mapping software that utilized satellite photos and traditional street maps. After watching the stolen vehicles for several hours, the suspects returned and drove them from the area. The suspect in the truck was assisted by additional suspects in a chase vehicle. The sole purpose of the chase vehicle was to detect the presence of law enforcement. Investigators, not wanting to be detected, trailed the stolen vehicles for several blocks. They eventually lost sight of the vehicles. The GPS system led investigators to a commercial complex in the East Los Angeles Area. Unsure where the suspects were in the complex, the satellite photo feature of the system was used. The

satellite photo helped investigators determine where the vehicles were parked. This afforded investigators the opportunity to formulate a plan to take the suspects into custody. Investigators executed the plan and it worked flawlessly. Again, several suspects were arrested and the stolen vehicles were recovered. The stolen cargo was also recovered.

2. Subsequent to the theft of a tractor and loaded trailer (electronics) in the San Francisco Bay area, it was determined the company had equipped their trailer with a high quality GPS tracking system. Our investigators were able to locate the vehicles after they were parked in a city several miles from the location of the theft. Investigators determined the trailer was still loaded. A long-term surveillance of the stolen vehicles was established due to the timing of the theft and the number of stolen commercial vehicles recovered in the same general area. Our experience indicated there was a high probability the suspect(s) would return for the vehicles and high value cargo. Eight days after the theft, the suspects returned to the vehicles and moved them to a nearby warehouse. Investigators ultimately arrested several suspects and recovered the stolen vehicles, the electronics and six additional stolen cargoes.

## **Organized Cargo Theft Rings**

We can't keep every shipment safe from theft. Cargo theft is a nationwide issue with a significant impact on the U.S. economy. This is no small issue – crimes perpetrated by random street thugs and inexperienced thieves. Organized cargo theft rings exist everywhere across the country and especially around the major port cities. Serious criminal gangs haunt south Florida, the New York metropolitan area and southern California. In recent years, regional crime rings have sprung up in Dallas, Houston, Chicago, Atlanta and Oakland.

John and the CTIP crew are just one of many valuable contacts to have in the event of a stolen trailer. Cargo theft task forces are appearing all over the country. Miami Police have their Tomcats unit, New Jersey State Police, Memphis Police have the Cargo Cats also in California. It is critical to get to know these officers on a personal level so they have a more vested interest in getting your merchandise back.

There are several ways you can help. These task forces need bait merchandise for sting operations. Return goods that are going to be

destroyed could be perfect for these types of operations.

They also need money to pay informants; these are one of the most quiet but critical components of task force success. I often pay for travel expenses for officers to attend industry related events.

My security team prides itself on its ability to move the most desirable freight in a safe and timely manner. This is not accomplished by luck. Several key components are built into our Corporate Security program. I would advise all retailers to check with their carrier partners to ensure they are complying with the following list.

### ***10 Critical Components of Every Supply Chain***

1. All drivers must pass a stringent background check, including criminal
2. All loaded trailers must be locked and sealed at all times
3. Any area where loaded trailers are kept must have secure fencing
4. All facility entrances must have CCTV systems recorded on a digital platform
5. Ask to see copies of their training program as it relates to the handling of your merchandise
6. Drivers must never take a load home
7. Your carrier needs to have someone dedicated to Security that you can contact and work with
8. Ask to see their list of Police contacts
9. Make sure 'blind' release numbers are used for dispatching loads
10. Your carrier must have several redundant GPS devices built into their equipment: tractors, trailers and even in-load package trackers for high value shipments

Based on our experience, we would like to share some things to remember when addressing supply chain security for your company.

### **Critical Strategy Components**

**Communication is critical.** A critical component of any strategy against cargo theft is effective intelligence gathering and information sharing. In many cases, law enforcement will recover a vehicle with all of the contents stolen long before the theft is reported to local agencies. While there is a definite need for timely cargo theft

information sharing between law enforcement agencies, you can help the process by promptly reporting thefts to enforcement officials.

Develop relationships with law enforcement in the areas where you operate. There are several multi-jurisdictional Cargo Theft task forces around the country. These members of law enforcement do nothing but investigate trailer load thefts. They know whom the thieves are and where they like to take their stolen bounty. Make it a point to know every one of these groups. Quick action and communication are the keys to successful recovery and stopping future crimes.

**Don't react passively to loss.** After a theft has been committed, have it thoroughly investigated rather than simply filing a police report or insurance claim. Because many companies do not aggressively investigate, cargo thieves strike with little or no concern for being caught. In fact, crime rings often focus on the same companies, hitting them continuously until they are no longer easy targets.

**Establish security compliance standards for you and your partners.** Clarify your expectations. You want to be sure that your carriers are doing enough proactively and, equally important, will do the right thing if a theft occurs.

- Do they have the latest GPS technology and IT systems for tracking shipments?
- Are their facilities safe? How safe?
- Do they have the right personnel and processes in place to address cargo security?

Do not assume your shipments are safe in the hands of a third party. Make it your responsibility to ensure they are protecting your cargo the way you yourself want it done.

### **Commitment to Cargo Theft**

With over 95% of my company's workload based in the retail sector, I have no choice but to stay on top of all the latest trends in cargo theft.

I'm often asked by clients, "Why should I care so much about preventing thefts when I don't own the merchandise until you deliver

it?" The answer is because you, the retailer, stand to lose the most. You lose potential sales when the merchandise is sold on the black market in your neighborhoods. If the load happens to be "hot" ad freight, you lose customer loyalty when the items are not in stock. You lose when the stolen merchandise is used for fraudulent refunds in your store.

There are countless ways that you stand to lose from an unsecured supply chain. It behooves retail loss prevention departments to partner with their internal transportation departments, outside logistics contractors, security vendors and law enforcement to work to stop cargo thefts.