

Warehouse/Supply Chain Loss Prevention

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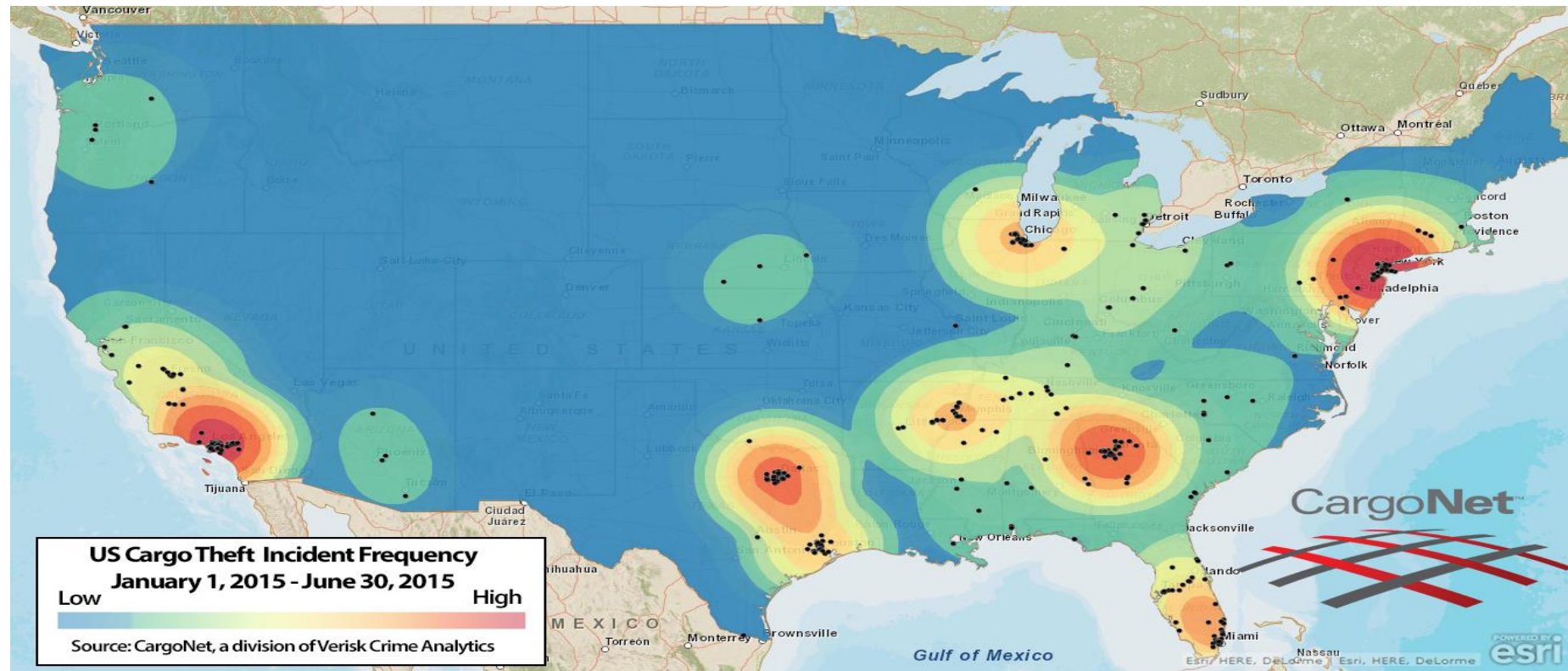
Cargo Theft Challenges

- The FBI reports cargo theft in the U.S. to exceed 15 billion annually
- Cargo thieves are highly sophisticated and organized
- Penalties for cargo thieves are not stringent enough
- Victims are hesitant to report thefts: fear of insurance costs or brand
- Lack of collaboration and information sharing is fragmented
- Inability to identify appropriate law enforcement contacts
- Limited awareness and training at the driver level

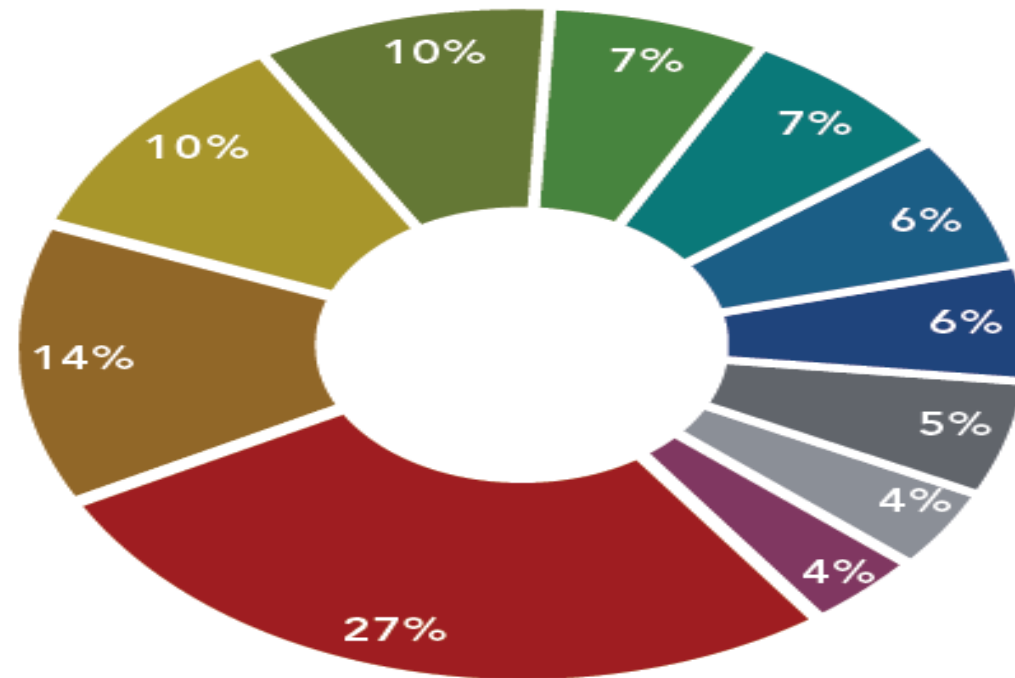
Indirect Costs Associated with a Loss

- Lost Sales
- Lost Profits
- Replacement logistics
- Labor Costs
 - Processing new freight
 - Investigating the theft
- Market adjustments
 - Price Increases
- Servicing invalid warranties
- Brand reputation
- Increased security and insurance costs
 - Adding infrastructure
 - Increased premiums and deductibles
- Customer dissatisfaction
 - Inability to delivery commitments
 - Increased costs reduce demand
 - Costs to process the claim
- Loss of market share
- Costs associated with product recall

2015 Cargo Thefts



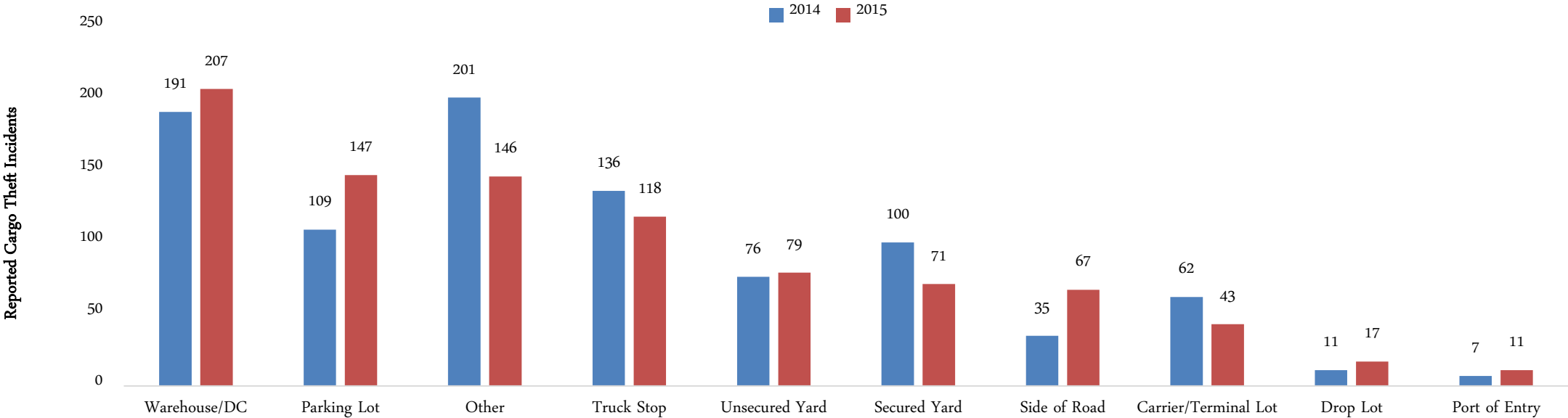
Cargo Theft by Product Type



CARGO THEFT BY PRODUCT TYPE

-  **FOOD/DRINKS 27%**
-  **ELECTRONICS 14%**
-  **HOME/GARDEN 10%**
-  **METAL 10%**
-  **BUILDING/INDUSTRIAL 7%**
-  **CLOTHING/SHOES 7%**
-  **AUTO/PARTS 6%**
-  **ALCOHOL/TOBACCO 6%**
-  **MISCELLANEOUS 5%**
-  **PHARMACEUTICALS 4%**
-  **PERSONAL CARE 4%**

Cargo Theft by Location Type

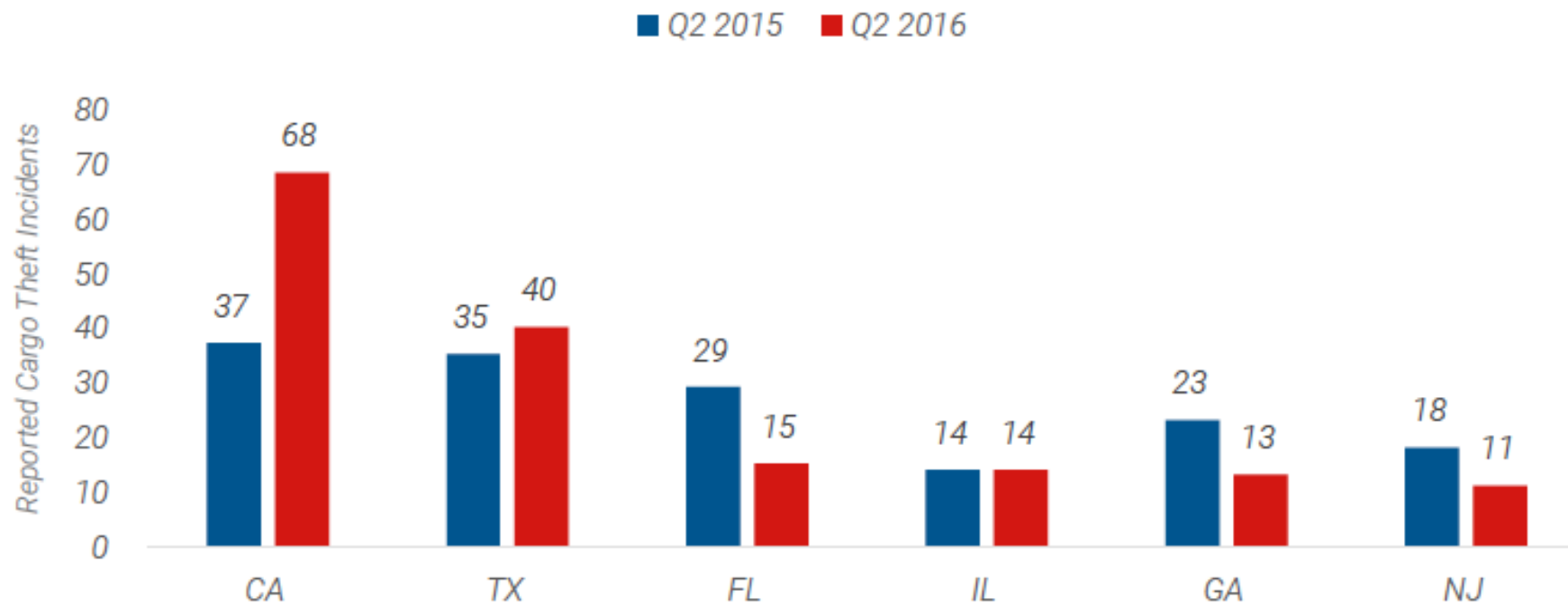


Source: CargoNet, a Verisk Analytics business



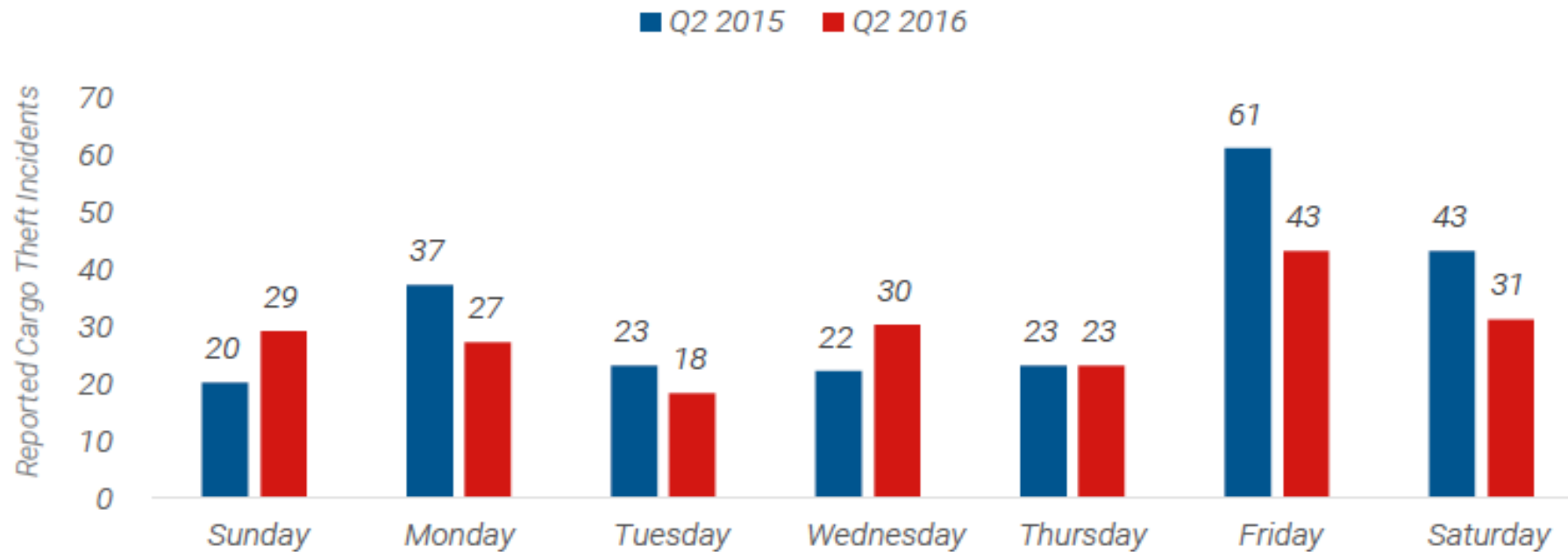
Cargo Theft by State/Province (Top 6)

Cargo Theft by State/Province (Top 6)



Cargo Theft by Day of the Week

Cargo Theft by Day of the Week





Eli Lilly

- 3/15/10
- “Mission Impossible” style raid
- Stayed for hours
- Utilized warehouse’s own equipment
- Lessons learned? Or non-compliance with industry best practices?



Eli Lilly Theft Enfield Connecticut

March 2010

- In the early morning hours of March 13, 2010 several men forcibly entered a pharmaceutical warehouse owned by Eli Lilly and located in Enfield, Connecticut.
- The men actually scaled the building's exterior walls with ropes and, once on the roof, cut a large hole to enter the warehouse from the ceiling. After disabling the site's alarm system the men proceeded to load approximately 49 pallets of various products into a tractor-trailer truck.
- The total value of the goods taken was approximately **80 million dollars**. That value amount represents the single largest act of criminal theft from a warehouse in the history of the United States.





Roof Jobs

- With this MO's the subjects wait for both phone company and police response.
- Subjects will not commit to opening bay doors without observing a police response.
- Subjects have been known to exit and enter the business several times before removing property.
- Subjects have known to make multiple trips and empty entire warehouse over a weekend.

Alarm System Bypass

MO # 1

- Subjects have been known to set up their own video cameras in order to capture alarm codes from the keypads.

MO # 2

- Subjects will call the business posing as alarm company employees. This is usually done at opening time. The subject will claim the alarm was activated and ask for the alarm code.

Alarm System Bypass



Smile your being watched!

Alarm System Bypass

- With both MO's the subjects come back weeks or days later, break into the front office and calmly disable the alarm system.
- The point of entry is secured and there is no rush. Subjects have been known to make multiple trips and empty entire warehouse over a weekend.

Cut Phone Lines

MO # 1

- Subjects will cut lines to entire grids over long or holiday weekends.

MO # 2

- Subjects will also cut a specific business phone line. They also will rip out trunk lines from meter rooms where the damage won't be discovered until later.

Cut Phone Lines



Torched Doors

MO # 1

- Subjects will cut through a front door and then spray paint or attach a metal flange to conceal the damage.

MO # 2

- Subjects will cut through a bay door and conceal the damage with a van or trailer.

Torched Doors



Torched Doors

- With both MO's the subjects enter the business and disable phone and alarm systems.
- Subjects will not commit to opening bay doors without observing a police response.
- Subjects have been known to make multiple trips and empty entire warehouse over a weekend.

Hole in the Wall Gangs

MO # 1

- Subjects smash a hole in the cinderblock side or rear walls of the property

MO # 2

- Subjects enter through a sheetrock common wall within a public warehouse or adjacent vacant business













Similarities with all methods

- Most subjects wear mask and gloves and leave nothing behind. No prints or DNA.
- They disable video and alarm systems including back-up and wireless systems.
- Subjects conduct practice break-in to test police response and security systems.



Similarities with all methods

- Subject establish multiple escape routes prior to the break-in.
- Subjects take days to set-up and execute the burglaries.
- Subjects are opportunist and will use tools, equipment and vehicles located at the business to commit the burglaries and remove the property.
- Subjects prefer long holiday weekends.
- And they always come back when successful.

Similarities with all methods



- Most Burglary crews prefer using tractor trailers. Sometime their own sometimes stolen.
- Large loads can be moved quickly from state to state with little or no chance of been detected.
- Some times the drivers are not permanent members of the crew and if apprehended will not compromise the group.

Similarities with all methods



- Company vehicles and trailers are renumbered and the tags are replaced.
- The company logos and markings are painted over.
- Hardwired GPS devices are disabled or removed.



Selling the Property



The merchandise is then transferred to a warehouse where it is mixed in with legitimate loads waiting to be sold.

Selling the Property

- Most of the product is sold before the theft
- The load is divided and sold in portions to different overseas companies.
- The loads are handled by different freight forwarders.
- The load is mixed in with other loads and mislabeled to avoid inspection by Customs.
- Domestically the product is sold at flea markets or online

Eight Documented Countries Where Stolen Cargo Is Shipped From South Florida

- United States
- Venezuela
- Costa Rica
- Columbia
- Argentina
- Brazil
- Dominican Republic
- Paraguay



General Warehouse Security Requirements

Proper and working alarm system

Redundant / back up alarm system

Alarm response procedures

Security cage / vault for high value

Theft prone items stored high on racks

All entrances, exits and vulnerable areas protected by surveillance cameras

- PTZ (Pan, Tilt, Zoom)
- MONITORED – constant supervision

General Warehouse Security Requirements

- Security guards – 24/7
- Motion detectors
 - Don't forget above
- Yard jockeys / forklifts locked, disabled
 - Don't leave the keys in them or on a display board
- Tractor keys should be secured

Fencing



Perimeter Security

Chain link Fence

- At least 8' high
- 4" of free space under a fence can allow access
- Away from truck parking, dumpsters etc

Illuminated

Guard rails

Raised barriers / bollards

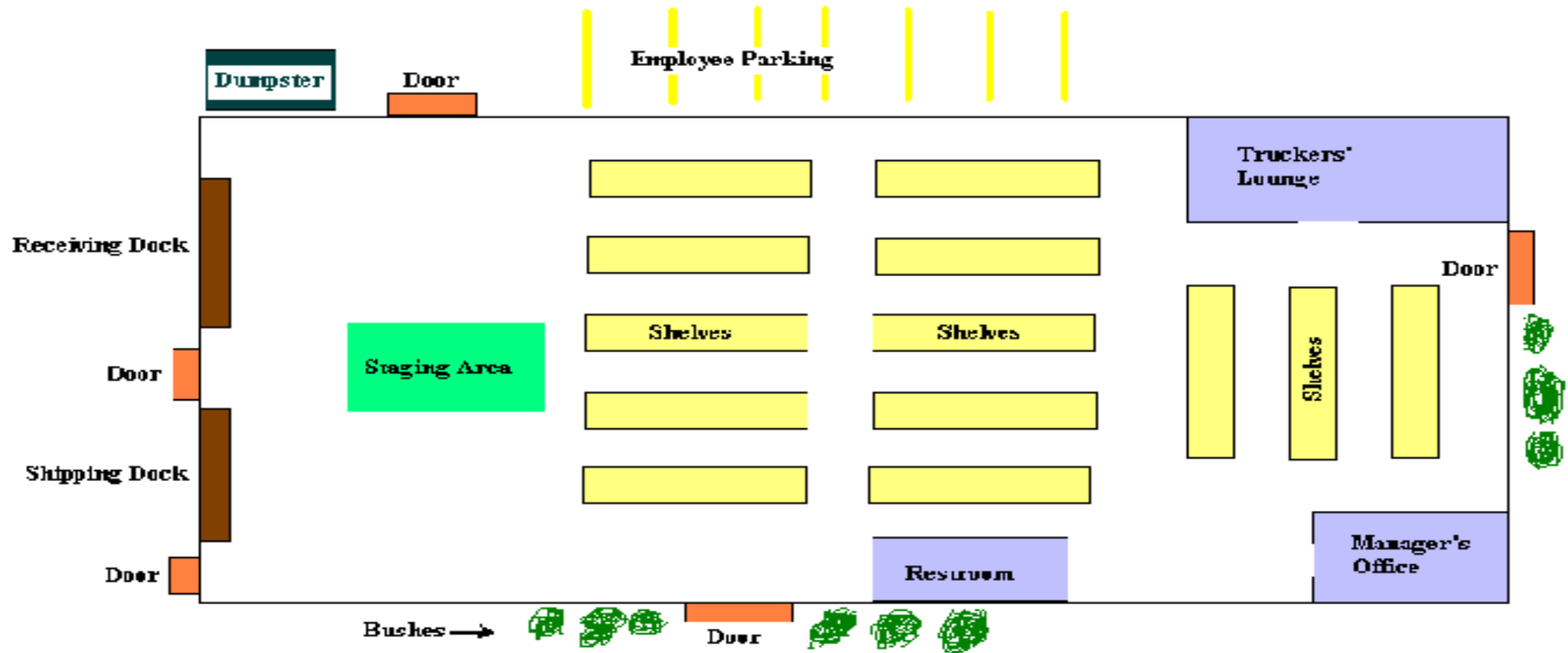
Pin-locking trailers

CCTV

Warehouse Best Practices

- Background checks on all employees
- Vetting of third party maintenance / cleaning staff
- ID drivers before releasing a load
- All pick ups and deliveries by appointment only
- No tape on the warehouse floor
- Keep people who don't belong there away from the stock – drivers, employees, contractors

Warehouse Floor Plan



Appendix C – Warehouse Security Quiz Answers

1. Never place a dumpster or other garbage containers by a door. This spot offers access to hide stolen goods. If no alternative, advise that the dumpsters are inspected often.
2. The closeness of this parking area to the building and door(s) allows individuals to readily take things to their vehicles. The lot should be further away and gated off.
3. The receiving and shipping docks are too close together with no barrier. Easy to move product from one truck to another.
4. The staging area is too close to the loading dock. Easy to move product with no visibility.
5. Far too many doors. There should be only one open at a given time unless required. There should be a guard/camera access to all points of ingress/egress. All emergency exit doors must be alarmed.
6. Poor location for a restroom. Drivers, vendors, etc. walk through the entire facility and have views of all products, security, etc. No one should be unescorted.
7. The bushes make for good hiding spots for stolen products out of the warehouse.

Why Identify?





It takes minutes to drill out the rivet.



The seal never gets touched!





*The handle is reattached
with a bolt.*



Paint hides the evidence

Defeating a Seal



Portable GPS

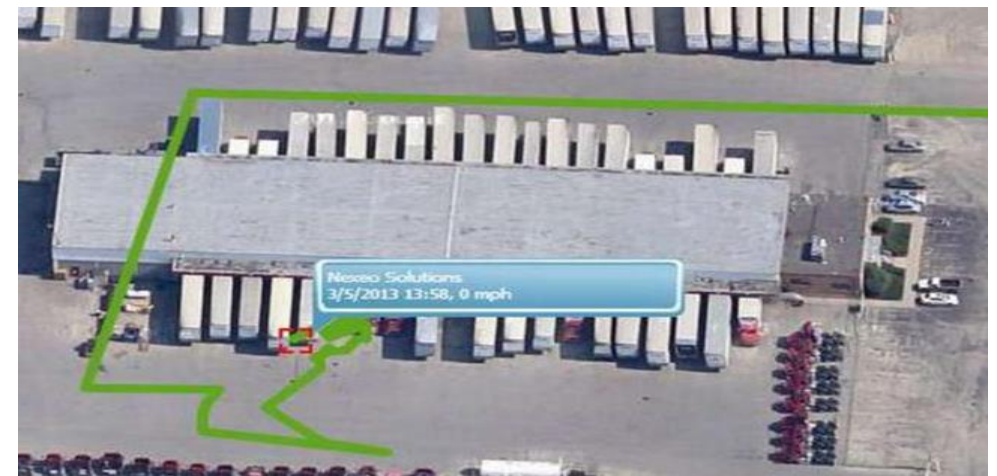


- Network Coverage – over 95% of US
- Portable, rechargeable, reusable, disposable
- Low Power Consumption
 - Up to 6 month battery life
 - Ability to ping every 30 seconds
- Web-based platform for multiple users
- Various sensor technologies
 - Temperature
 - Light
 - Shock
 - Humidity
- SMS or emailed alert events
- Low Cost



Security Features

- Security Monitoring Features
- Real-time view provides current container live tracking views using Google Maps, normal maps, satellite, 3D along with video street view
 - Client established turn-by-turn routes using linear geo-fencing
 - Establish predetermined route stops or transit hubs
- Client developed alarm codes with ARC communications to 24/7 central station
- Real-time alerts and alarms override established reporting timeframes
- Geo-fenced drop yards





THANK YOU

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