Talking Points

- Useless supply chain theft statistics
- Types of supply chain cyber crimes
- How they do it and tools of the trade
- The FBI and supply chain theft
- Tips and best practices
- Questions
Cargo Theft by Year

Source: CargoNet, a division of Verisk Crime Analytics
Cargo Theft by Location

Source: CargoNet, a division of Verisk Crime Analytics
Cargo Theft by Fictitious Pick Up

<table>
<thead>
<tr>
<th>Day of Week</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday</td>
<td>13</td>
<td>23</td>
<td>32</td>
<td>68</td>
</tr>
<tr>
<td>Thursday</td>
<td>14</td>
<td>23</td>
<td>19</td>
<td>56</td>
</tr>
<tr>
<td>Tuesday</td>
<td>8</td>
<td>9</td>
<td>20</td>
<td>37</td>
</tr>
<tr>
<td>Wednesday</td>
<td>16</td>
<td>6</td>
<td>13</td>
<td>35</td>
</tr>
<tr>
<td>Monday</td>
<td>4</td>
<td>7</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Saturday</td>
<td>2</td>
<td>6</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Sunday</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total FPU's</strong></td>
<td><strong>59</strong></td>
<td><strong>74</strong></td>
<td><strong>101</strong></td>
<td><strong>234</strong></td>
</tr>
<tr>
<td><strong>Total Thefts</strong></td>
<td><strong>1201</strong></td>
<td><strong>1195</strong></td>
<td><strong>1090</strong></td>
<td><strong>3486</strong></td>
</tr>
<tr>
<td><strong>FPU %</strong></td>
<td>5%</td>
<td>6%</td>
<td>9%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: CargoNet, a division of Verisk Crime Analytics
Cargo Theft by Day of the Week

FPU’s vs. Total Incidents

Total Incidents Reported to CNET
2012 vs 2013

Source: CargoNet, a division of Verisk Crime Analytics
Percentage of Overall Cargo Theft by Commodity

Source: CargoNet, a division of Verisk Crime Analytics
Percentage of total FPU’s by Commodity

Source: CargoNet, a division of Verisk Crime Analytics
Cargo Theft by State

Total Incidents Reported
2012 vs. 2013

Source: CargoNet, a division of Verisk Crime Analytics

Percentage of FPU’s vs. Overall Reported Cargo Theft

Source: CargoNet, a division of Verisk Crime Analytics
• CargoNet received 101 reports of fictitious pickups in 2013 about 9% of reported cargo theft incidents in that year.

• California was by far the top state for fictitious pickups with 54 reported occurrences. Michigan and Florida tied for second place with 11 reported incidents each.

• Over $8.4 million dollars in cargo was stolen in fictitious pickups this year.

Source: CargoNet, a division of Verisk Crime Analytics
Supply Chain Cyber Crime

“The Internet. And you believed it?.. I met him on the internet. He's a French model. Bonjour.”

- We do business email, fax, PDF; the face to face transaction is no more.

- The supply chain velocity is moving at the speed of light

- The ‘Z & Y’ generation is making critical decisions in the supply chain, lack of emotional intelligence (EQ).

- Compensation programs are driving the wrong behavior.

- Post 911; law enforcement is stretched, underfunded, furloughed, low morale, new priorities. Where have all the alphabet agencies gone?

- Regulation to deregulation.
Types of Supply Chain Cyber Crimes

- Factoring
- Equipment breakdown scams
- Fraudulent pickups (fuel advance)
- Fictitious pickups (cargo theft)
- Extortion by ComCheck / hostage loads
Closing Pandora’s Box

The obstacles faced while stopping the “crime in progress”

• You can’t track what you can’t see.
• Why not track their phones?
Set up trucking company to commit fraud

Pick-up and deliver a few loads. Run a few receivables through factoring company

Set up shell shipping company to generate false bills of lading

Give up 10% to factoring company to establish credibility

Haul a few legitimate loads

Run as many fake loads through the factoring company until they wake up. $400K is the largest amount that is on file, the wire transfers were traced to Nigeria. No chance of arrest and/or recovery of funds.

Receivable Factoring Scam
Breakdown ComCheck Scams

Steven Albert Pridemore

- Racketeering
- Theft by deception
- Impersonating a peace officer
RE Case# 2013-506 Trailer Repair Scam – Atlanta, Ga. Area

Thursday, November 28, 2013

This date John Smith ABC Trucking, called me reference an attempted fraud involving trailer repair. Smith advised that at approximately 7:30am he received a call from someone who identified themselves as John Pearson (757-414-3728) who claimed to be the yard manager at Jones Foods, 6710 Oakley Industrial Blvd., Union City, GA. They advised that an ABC trailer, P90233 was on their yard with the brakes locked up. The caller went on to say that there was a vendor, Highway Repair (888-571-9995) already on their yard who could handle the repair. Smith continued that the caller called from a cell phone with a 757 area code which is a Virginia area code. He then advised that he checked AS400 which showed that this trailer had been picked up at Jones in Union City by tractor 131024 at 5:06am. Smith called the ABC driver, Roger, who confirmed that she pulled the trailer from Union City at 5am this morning. Smith never called the subject back and received no further calls.
Fictitious Pick-up

• Poses as a legitimate carrier to steal cargo
• Sometimes will set up/and or reactivate a dormant company
• Ghost fleet
• Utilize on-line load posting boards
• Blind shipment risk
• Year 2011: 59 fictitious pick-ups
• Year 2012: 74 fictitious pick-ups
• Year 2013: 101 fictitious pick-ups
Spelling Errors
Fraudulent or deceptive pick-ups

- Poses as a legitimate carrier
- Utilize on-line load posting boards
- Book a coast to coast load
- High chance of double brokering, or the load may never be picked up
- Advance secured and cashed immediately
- High possibility of a hostage load situation

“The end game” steal the fuel advance
http://www.dat.com/blog/post/how-to
**Fraudulent or Deceptive Pick-Up Example**

“Scooby Doo Trucking” obtains load posted to Transcore 360 board at a rate of $2,400.

Reality Trucking sends Bill of Lading to “Bugs Bunny Logistics” per the Rate Confirmation.

“Scooby Doo Trucking” sends Bill of Lading to Wyle E. Coyote Logistics and requests a fuel advance.

“Daphne” cashes ComCheck issued to driver for Scooby Doo Trucking.

“Bugs Bunny Logistics” double brokers the load to Reality Trucking at a rate of $3,000.

$1,240 ComCheck is issued.

Reality Trucking attempts to contact “Bugs Bunny Logistics” and is unable to make contact.

Reality Trucking invoices Bugs Bunny Trucking, who has no knowledge of the load.

Erica Avila
Daphne Acme

Phoenix Brands

Ace Hardware
Our Tools of the Trade

“Standard ‘G’ ride arsenal”
How they breach the supply chain

“Tools of the Trade”
How they breach the supply chain
GPS Jammer Seized By Georgia Bureau of Investigation Major Theft Unit in DeKalb County, Georgia on April 5, 2010
Next generation’s tools
FBI Supply Chain Protection
FBI Priorities

1. Protect the United States from terrorist attacks
2. Protect the United States against foreign intelligence operations and espionage
3. Protect the United States against cyber-based attacks and high-technology crimes
4. Combat public corruption at all levels
5. Protect civil rights
6. Combat transnational/national criminal organizations and enterprises (see organized crime)
7. Combat major white-collar crime
8. Combat significant violent crime (Cargo Theft)
FBI Priority One
Best practices that no one will utilize

• Situational awareness
• Supply chain collaboration
• Secure chain of custody: covert GPS
• Follow your protocols, Friday afternoon scenario
• Strict carrier vetting
• Don’t ship on a Friday for a Monday delivery**
• No temporary license plates taped in the window
• The truck should be full of fuel; driver should be rested and available to drive for at least 250 miles
Best practices that no one will utilize

• No ghost carrier information, i.e., temporary placards, multiple carrier names on the truck. If the name on the truck doesn’t match the load tender, confirm with carrier of record

• Require best in class locks vs. just a plastic or a bolt seal. Pilferages are a major problem when the drivers stop

• A photo of the driver and his CDL should be copied and attached the shipping records
The Internet

So at the end of the day, we have only one person to blame for supply chain cyber crimes
Thank You

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