

# Cargo Theft: A Costly Problem for Tobacco Distributors

by Barry Brandman

Industry experts now put the cost of cargo theft at \$10-20 billion annually in the United States, and in the ballpark of \$50 billion globally, with cigarettes becoming one of the most desirable and frequently stolen targets.

One of the side effects of a healthy U.S. economy is that more product than ever is being shipped to warehouses, stores and consumers via truck. As a result, criminals have found that there is a fortune to be made by stealing these “warehouses on wheels.”

Once the exclusive domain of old established organized crime families,

dozens of new cargo theft rings have sprung up across the country. While the major gangs who commit these thefts on a nationwide scale are based in south Florida, the New York metropolitan area, and southern California, in the last several years law enforcement has witnessed the growth of regional crime rings in areas such as Dallas, Houston, Chicago, Atlanta and Oakland.

Attracted by the number of trucks on the road transporting cigarettes, lax security controls utilized by many warehousing and transportation firms, the low probability of being caught, as well as the huge market for

the “discounted” black market tobacco, cargo theft has turned into an underground economy.

The relatively lenient criminal penalties given out for cargo theft, which are nowhere as severe as the sentences handed out to convicted drug traffickers, is one of the reasons some of the cargo theft rings were formally involved with the distribution of illegal narcotics. As a result, they have the needed personnel and distribution pipelines to sell stolen product domestically as well as internationally.

## Different forms of cargo theft

There are two types of cargo theft: 1) internal theft, which involves drivers working in collusion with employees at the shipping or receiving docks; and 2) external theft. The latter type typically takes one of three forms:

- Theft by deception
- Theft of an unattended truck
- Forced hijacking

Trucks that disappear while parked at truck stops, rest areas or diners, as well as armed hijackings, are not always as they appear. A number of these thefts are either set up or personally committed by employees or contractors with knowledge of what is inside the containers, the routes they’ll be traveling and the security safeguards that are in place.



# THE bottom line

Because many of these cases are not solved, insurance companies have been hit hard in recent years and premiums are on the rise, which is another costly ramification of this problem. However, because many insurance companies have significantly raised

trucker isn't at a delivery location at his estimated time of arrival. Newer technology is also on the market that allows for battery operated covert devices that can be concealed in the cargo area of trailers and ocean containers.

day. Sophisticated video technology can be viewed remotely hundreds of miles from a site. Additionally, CCTV can be interfaced with intrusion detection and access control systems for even tighter control.

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their premiums or declined to insure carriers with a history of cargo loss, trucking companies and distributors have been forced to find more effective ways to protect the product they transport, realizing that the buck now stops with them.

**Protecting your assets while in transit**

My company is frequently asked to recommend best security practices that distributors can utilize to combat this growing epidemic. While there are no easy or quick fixes, here's a sampling of some of the essential components of a successful asset protection program:

- **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 victimized firms do not aggressively investigate, cargo thieves brazenly strike with little or no concern for being caught. In fact, it's commonplace for the thieves to focus on the same companies, hitting them continuously until they are no longer easy targets.
- If you're located in or transport goods through states prone to cargo theft, **install global position satellite technology in your trucks.** The newer versions of GPS and Assisted GPS (AGPS) will allow you to not only track your trucks, but the better systems also provide for two-way communication, concealed duress buttons, remote disabling devices, geo-fencing and notifications if, for example, a

- **Maintain a counter-surveillance program.** One of the methods used by professional thieves is to surveil trucks when they leave distribution centers. In fact, it's not unusual for these trucks to be followed for hundreds of miles by the thieves who wait patiently for the driver to stop for fuel, rest or food. Routinely monitoring staging points close to the distribution center, as well as following trucks for the first 10-15 miles, may expose these criminals before they have the opportunity to strike.
- **Mark the tops of trailers so that law enforcement can easily identify stolen trailers and containers via aerial surveillance.**
- **Use an 800 tip line program throughout your company.** Employees often learn of security breaches or become aware of suspicious activity but are concerned about coming forward with this information because of “whistle blower syndrome.” Providing workers with a risk-free way to report this type of information and rewarding them for confirmed tips is an essential component of a loss prevention program. One good call can easily pay for the cost of the program for years.
- **Always stage high value containers in well secured storage facilities.** In addition to adequate lighting and fencing, you can enhance physical security by installing digital video systems that record activity 24 hours a

- If you direct ship from one facility to another, **use high quality security seals to protect against the driver stealing product from the cargo area of the truck while in transit.** However, it's important to remember that unless you consistently adhere to strict seal procedures, even high-end, expensive security seals can be circumvented by devious employees and professional thieves.
- If you work with an outside trucking firm, **establish minimum security standards and clarify your expectations.** You want to be sure that the carrier is doing enough proactively, and equally important, will do the right thing if a theft occurs. Many companies assume that if they use an outside carrier, they no longer have to be concerned about the financial consequences of cargo theft. The reality is that there is an array of peripheral costs as well as liability issues that may not be covered by the carrier. In fact, many trucking companies are no longer able to fully insure high value loads. Consequently, customers are being forced to assume a good percentage of the cost of a stolen container, which can easily run in the mid-high six figures. ☒

*Barry Brandman is president of Danbee Investigations, Midland Park, NJ, a company that provides investigative and loss prevention services to businesses nationwide, including many tobacco, candy and grocery distributors. He can be reached at bbrandman@danbeeinvestigations.com.*