

PROTECTING CARGO ON THE TRUCK

KEEPING CARGO SAFE ON THE TRUCK REQUIRES INTERNAL WATCHFULNESS OVER SHIPPING PROTOCOLS AND EXTERNAL SCRUTINY OF DRIVERS AND CONTRACT CARRIERS.

BY MEGAN QUINN

It started as a small problem that just kept getting bigger.

In 2012, OmniSource Corp. (Fort Wayne, Ind.), a large scrap processor and distributor, had to face the fact that it had repeatedly been the victim of thefts from its trucks—and the culprits were using a variety of different methods. It was a wake-up call, says Joel Squadrito, corporate security director for Steel Dynamics, OmniSource's parent company. "We knew how bad it was getting," he says.

Thefts seemed to be coming from all sides. In one instance, a contract carrier was assigned to transport material from a customer to one of OmniSource's recycling facilities. The driver stole some of the material out of the truck and sold it elsewhere to make a profit for himself.

In another instance, an organized-crime ring posed as a legitimate carrier, stole a truckload of scrap, and sold the stolen load to another scrap dealer in Florida. This type of crime is known as a fraudulent pickup. "These folks had obtained false documents to pick up our material," Squadrito says. "Our people loaded the trailers based on this fraudulent paperwork. ... [The criminals] were doing it all over the country, from Fort Wayne all the way to Florida."

In another example, OmniSource had to fire a contract company when one of its drivers reported that his truck had been stolen with the cargo still inside. The driver had partnered with

thieves and orchestrated the theft to get a cut of the profits. The driver got caught—and was prosecuted—after OmniSource asked him to file a police report. In his report, he noted that the truck was stolen from a Wal-Mart parking lot, but when police reviewed security camera footage from the store, they saw what had really happened.

After taking note of all these thefts, OmniSource decided to overhaul its anti-theft measures by reassessing how it keeps track of its 450 power units and 2,500 trailers and how it works with outside carriers. It reached out for help from CargoNet (Jersey City, N.J.), a cargo theft prevention and recovery program. "There's nothing off the shelf for this," Squadrito says, about the strategy the company developed. "We had to make something of our own." Today, OmniSource says it has reduced major thefts by formulating a "very robust protocol" for how it sends out loads, depending on whether it's using a company driver or a subcontractor. It also uses tracking devices on trailers and cargo.

Since updating its cargo theft prevention system, OmniSource is better equipped not only to handle thefts, but also to anticipate and prevent future ones, says Lisa Merkle, OmniSource's Department of Transportation compliance manager. But the company knows not to underestimate the creativity and motivation of potential thieves, she adds. "It's phenomenal what you discover about how thefts happen" across the

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country, she says. “You think the seal on the door is still intact, but they took [the door] off the hinges instead.” Squadrito says he is open about OmniSource’s past theft problems because the company wants to help others prevent their own costly thefts.

Doug Morris, director of safety and security operations at OOIDA, the Owner Operator Independent Drivers Association (Grain Valley, Mo.), says he hears theft stories like these all the time. “This is happening every day. We have 155,000 members, and I’m getting a call every day or every other day about a truck or trailer stolen,” he says.

Keeping cargo safe on the truck takes an assortment of strategies for hiring drivers and contract carriers, conducting due diligence, implementing controls over releasing shipments, training drivers in best practices, and using tracking services and

Council and Safety Management Council of the American Trucking Associations (Washington, D.C.). “There really is not a typical criminal,” he says. “It ranges from the petty thief [who] sees an opportunity all the way up to organized crime, and what they are taking is just as broadly ranging.”

Keith Lewis, vice president of operations for CargoNet, sees the “bad guys” as falling into one of two categories: opportunists who are out to make a quick buck by doing some “shopping” in your truck while your back is turned, or organized thieves who know exactly what you have—and they already have a plan for how to steal and resell it. “Unorganized groups will troll the truck stops; they will open doors until they find what they want, or something to steal” that will make them some money, he says. More organized crooks have their eyes on a particular prize, and they will use any tools available to them to get their hands on it. Whether they’re practiced criminals or casual thieves, they might also be strangers, people familiar with your operations, or even your own employees, he says.

Thieves gather intelligence about your load in different ways. Some ways are relatively unsophisticated: They sidle up to your driver at a truck stop, strike up a conversation, and ask, “Hey, what are you hauling?” Many companies ask their drivers not to divulge that information. Others might know an employee, former employee, or someone who visits your facility often, and casually engage that person in conversation about operations and shipping logistics. Even others might case your facility by observing your drivers’ routines.

HIRING AND VETTING DRIVERS

If you are in a position to hire drivers, it’s important to go through the proper vetting process. That piece of advice might seem straightforward, but it can be tempting to cut corners when the pool of applicants is smaller than you’d like, Lagana says. Some companies are hampered by the United States’ ongoing driver shortage, which affects businesses that need their cargo driven by someone experienced and safe—and they need it delivered yesterday, Lagana says. Morris of OOIDA points out that the term “shortage” is a little misleading: There are many qualified drivers in the United States, but the long hours and low pay often draw professionals away from trucking and into more lucrative fields, such as the oil and

With increasing incidents of cargo theft and few “off-the-shelf” prevention strategies, companies may need to develop their own anti-theft protocols.

technologies. Together these efforts can ensure your material makes it from point A to point B.

WHO IS STEALING?

One key to protecting cargo on your truck is knowing who might be out there to steal it and trying to think like the potential thieves. Yet that can be easier said than done, says Brian Lagana, executive director of the Transportation Security



gas industry, he says. Lagana agrees. “At the rate it’s going, it’s only going to get worse as time goes by,” he says, in part because the average age of a professional driver is 45 to 50, and “there just aren’t the numbers of people going through the driving schools” to fill the pipeline as those drivers get older and retire, he says.

Despite the small pool of drivers, with thousands of dollars of cargo on your truck, not to mention the cost of your truck or trailer, Lagana says it’s important not to skimp on the details when hiring. A traditional pre-employment check—reviewing their experience and checking references—and a criminal background check are essential, he says. “Do a full background check, especially if dealing with higher-value cargo or other items that are out of the ordinary,” he says.

Drug testing also is important. A pre-employment test should be part of your hiring process as required by the U.S. Department of Transportation and the Federal Motor Carrier Safety Administration (both in Washington, D.C.).

Random drug tests are also part of the process for any business that hires drivers. “DOT/FMCSA also require random tests every year based on the percentage of positive results,” he says.

Technology can play a role in keeping tabs on drivers, even when they are on the road. Lewis says some companies are investing in small in-cab video cameras that monitor drivers’ behavior as they drive.

HIRING AND VETTING CARRIERS

When working with contract carriers, some of the same vetting processes apply. Some companies, such as OmniSource, prefer to hire only carriers that have been in business for two years or longer and can provide solid references. “If they are moving \$300,000 in catalytic converters, but they’ve been in business [only] for a week? Pay close attention to that,” Squadrito says.

If you’re working with an unfamiliar carrier, its e-mail address might also hold clues to more nefarious dealings, he says. Is the company e-mail

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address a Yahoo or Google account instead of the company name? That might raise some red flags.

Getting a picture of a new carrier's vehicles helps, too. Old, outdated, or seemingly dangerous equipment may be a clue to a suspicious operation, Morris says.

Insurance questions also are not out of line, Lewis says. Find out if the carrier's insurance policies fully cover the materials you need moved in case they are stolen. If, for example, you need a carrier to haul your copper, ask for the exclusion page and read the fine print, he says. If your cargo is not covered for theft under the carrier's policy, ask the company for a rider or trip insurance policy that will cover your specific load—or go with a different carrier, he says.

INTERNAL CONTROLS

Take stock of what you do inside your own yard to help prevent theft, starting with your methods for handling trucks as they enter and leave your facility. OmniSource uses video cameras

at all the inbound and outbound scales, which is a visual record that it can reference later if something seems fishy. When verifying a pickup, OmniSource also asks for a driver's license, Squadrito says. On top of that, drivers know to use a unique tracking number that proves they are who they say they are.

You also can double-check the veracity of a company or driver with a few quick questions. When expecting a load from an outside source, ask the supplier what the driver's name is and what the driver looks like. If you can, get a photo of the driver or a copy of his or her driver's license, which you can check against the photo ID when the driver arrives. Also ask for the truck number so employees know what vehicle to expect at the gate, Squadrito says. "We ask [the company], 'Who's your driver, what's his name, what does he look like?'" he says. "Everything, everything has to match."

Merkle says little details can hint at theft. For example, you can check to see if the truck

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odometer shows the appropriate mileage for the job it was assigned, and you can follow up to see if the weight of a shipment has changed from point A to point B. “There are internal controls that can make a company more aware,” she says.

BEST PRACTICES FOR DRIVERS

Lewis says legitimate, professional drivers can also unintentionally contribute to theft by carrying out routine, necessary actions without proper security backups. Drivers will always need to get fuel and have a bite to eat somewhere along their route, which can turn into opportunities for theft. Lewis recalls watching a surveillance video of a theft in northern Georgia. The driver, who was carrying a load of copper, fueled up his truck and went inside the truck stop for a break. When he came back out to find an empty space where the truck should have been, “he had a look of panic on his face,” he says. CargoNet helped get the copper-filled truck back, which was traceable because the cargo had a tracking device. Yet Lewis

says such incidents can be prevented with heightened awareness—and by locking the truck, taking the keys, or parking in a gated, locked area. Ask your drivers to park only in secured, gated areas if they will be away from a loaded truck for long, Lewis says. An even better way to prevent trucks from being alone for too long is to schedule your deliveries to arrive before the weekend, not after. “If you’re shipping high-end anything, ship on Thursday for a Friday delivery,” he says.

Data from both FreightWatch (Austin, Texas) and CargoNet, two resources that provide theft trends and statistics, show that weekends and holidays tend to be a good time for “bad guys” to grab your goods. That’s because drivers want to take a break, and some tend to park in unsecured areas, such as parking lots or abandoned lots, while they go somewhere more comfortable to rest and relax.

When cargo—or an entire truck—disappears, Morris has some advice to improve chances of recovery. Drivers should have a card in their



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wallet that includes their truck and trailer registration information and license plate number. When police ask for information about the vehicle, they should give a detailed description, down to any scratches, logos, designs, or other distinguishing features.

USING TRACKING EQUIPMENT

Even if thieves get hold of your cargo, there are several methods for tracking it down. In March, a company in Louisville, Ky., reported that its cargo truck, carrying about \$110,000 in truck tires, had been stolen. An onboard tracking device helped law enforcement track the shipment down and arrest a suspect, who had made it all the way to Florida with the cargo.

As GPS, cameras, and cellular gadgets get better and cheaper, companies should definitely invest in such technology to keep track of cargo trucks and their locations, experts say. Tracking cargo might not keep it from being stolen, but it could help get it back.

Lewis recommends getting an inexpensive, covert GPS unit, such as a model from LoJack SCI (Canton, Mass.) that costs about \$60 or \$70 and is designed to be disposed of after the shipment gets to its destination safely, he says. When that trailer full of truck tires was stolen in Louisville, Ky., CargoNet used pings from a hidden track-

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ing device to direct law enforcement officials to Florida, where they recovered the cargo and arrested one of the suspects, according to the incident report. In an effort to hide the stolen goods, the thieves had spray-painted over the company logo on the back of the trailer, but they had not



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covered up the trailer number or license plate number, the report states.

Lewis says a \$60 investment helps save companies like the one in Kentucky thousands of dollars in the long run, but some businesses have told him they balk at the idea of adding extra tracking costs each time they send a truck out of the gate. Companies with tight budgets still should prioritize monitoring protocols, Morris says. And even a low-cost cellphone can be used as a tracking device when hidden inside the vehicle, he says. The company can track the phone if the device has GPS capabilities and is registered with a tracking and mapping application such as AccuTracking or another device recovery system. Morris says he has talked to people who wire the phone to the truck's battery to make sure the unit doesn't run out of power.

Yet Lewis says even the thriftiest companies shouldn't spend money on throw-away cellphones when they can save the money for a GPS device that won't run out of power as easily or lose a signal when the phone falls between two pallets. "You have to think of it this way: Why would you want to protect a million-dollar load with the lowest-cost technology?"

THEFT PREVENTION SERVICES

High-tech gadgets are beneficial for tracking, but some good old-fashioned research also can help prevent you from sending legitimate drivers into situations where the load is at risk for theft. Some businesses use FreightWatch and CargoNet to track trends and statistics on areas with high levels of cargo theft.

Lagana says many drivers are already aware of "hot spots" where cargo thefts are common, generally near major highways or where large interstates intersect. Businesses can go online to find the latest statistics about which areas are seeing higher amounts of theft.

Yet other factors play into it, too. Tracking the places where drivers tend

to take their mandated breaks also can help map theft trends. Drivers can only be behind the wheel for 10 hours at a time without a break, and thieves know it, Lewis says. Commonly, thefts occur at rest stops and other locations about 10 hours away from the point of origin, he says.

Other drivers can help recover stolen scrap or vehicles, too. OOIDA relies on information from drivers and businesses that can help recover stolen vehicles. Its Transportation Alert Communication and Emergency Response program, or TRACER, sends information about cargo thefts and stolen trucks and trailers using real-time text messages and e-mail alerts. Users can offer information about their stolen property, and other users can enter information that might help authorities recover it. Drivers, scrapyards, and other industries can share knowledge to help prevent future threats, Morris says. "Anything that can deter a thief is good."

ISRI's ScrapTheftAlert.com site is another resource for recyclers, customers, law enforcement officers, and others to post information about stolen materials.

Squadrito says theft statistics also show a double-edged sword for the scrap metal industry: When the economy is bad, it's bad for crooks, too. "Scrap prices are low, and it's bad for business, but good for theft prevention," he says. Both Squadrito and Lewis admit the industry's low prices right now don't completely eliminate theft. In fact, metals that are easy to sell, like copper and finished aluminum, are still attractive to some thieves right now, Lewis says.

Squadrito says OmniSource is better prepared for future attempted thefts, but he knows the company will have to remain diligent. "If someone has a resource to steal or [to trade], the opportunity is always there," he says. ■

Megan Quinn is reporter/writer for Scrap.

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What's Protecting Your Valuable Cargo?

Scrap metal theft is a big problem, increasing nearly 300% last year alone. Nobody knows this better than the managers and owners of our member yards. While we take great care to insure the security of our metal shops and yards, managers need to also consider the security of international shipping containers by using 'Tamper Evident, Physical Barrier Container Security Devices'. NASCO-OP features a full line of container security products by Sealock Security Systems. Don't wait and become a victim of container tampering, protect your cargo with NASCO-OP and Sealock.

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