



**FreightWatch Special Report**  
**US Cargo Theft: A Five-Year Review**

**April 27, 2011**

## Executive Summary

FreightWatch has been collecting cargo theft data for the United States since January 2006. Theft incidents are recorded by date, city, county and state of occurrence, specific location (such as truck stop, roadside, warehouse), theft event type, product type, and value of the stolen load.

Until now FreightWatch has analyzed data and reported results by month, quarter and year. Although this periodical information is vital for professionals in the supply chain industry to react immediately to trends, the shifting patterns of cargo crime are not always apparent in shorter-term studies.

With statistics now available for a full five-year time span (January 2006 through December 2010), FreightWatch was able to assess trends and anomalies that transcend the boundaries of short-term reports and thus provide our readers a much broader picture of this ever-changing criminal enterprise.

Highlighted in this unprecedented report are the following findings:

- Overall cargo theft rates have increased every year since FreightWatch began tracking incident data in 2006. Up 4.1% in 2010 over the previous year, the growth of cargo theft has begun to level off somewhat as shippers and their transportation providers harden the supply chain on high-value cargo. As a result of the heightened security efforts, the average loss value per stolen load decreased in 2010 by 17% over 2009.
- After ranking No. 1 as the product type most coveted by thieves for four years running, Electronics — cell phones, televisions, DVD players, etc. — slipped to second in 2010 for the first time. Taking its place at No. 1 was the Food/Drinks product type.
- Multi-trailer thefts are emerging as a *modus operandi* (M.O.) of concern to the supply chain industry. This is not a new M.O., but the sharp rise in the number of cases should serve as a warning to logistics providers.
- While cargo theft is cyclical, incidents do not consistently drop during the same months each year. However, the peaks consistently occur during the summer months and early Q4, ahead of the Christmas rush. October is the No. 1 month for cargo theft in the United States.
- Violence in US cargo theft remains low year after year. Annually, less than 2% of theft incidents involve violence. Over the five-year period, only 55 of the 3,589 thefts recorded, or 1.53%, involved violence. However, two hijackings in Los Angeles and a facility robbery in Memphis in late 2010 serve as reminders of the potential threat.

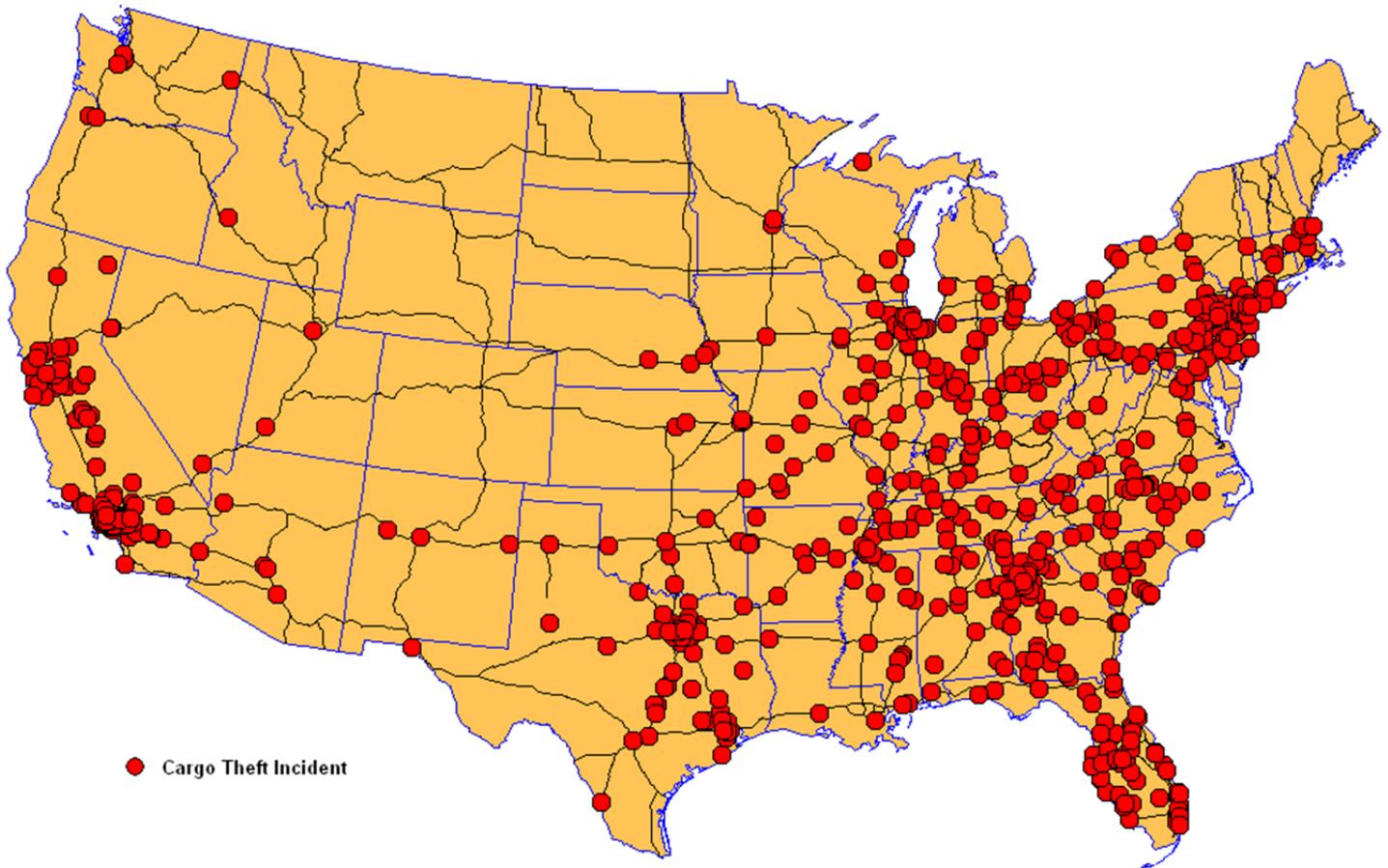
- Weekends, especially long holiday weekends, undoubtedly pose the greatest risk of theft to cargo at rest. Of the major holidays assessed, Thanksgiving ranked No. 1 for theft incidents three of the five years. Although the five-year study served to confirm the general industry understanding that cargo is more prone to theft over weekend periods, the Electronics product type is one exception to the rule.
- Although the average loss value per theft of cell phones (a subset of the Electronics product type) plummeted in 2007 and rose slightly in 2008, the average loss skyrocketed in 2009 and 2010, reaching a peak of \$3.65 million per incident.
- Thefts of Pharmaceutical products soared from 2006 to 2008, increasing by 283%. Since 2008, the rate of growth has been almost flat, likely due to intense efforts by the Pharmaceutical industry to harden the supply chain.
- This study confirmed California, Florida and Texas as the nation's "Big Three" for cargo theft. A stunning 147% growth in theft incidents in New Jersey from 2009 to 2010 placed the state in the top five for cargo theft — and made it a state to watch.
- Los Angeles, Dallas/Fort Worth, San Bernardino County (California), Miami and Memphis have proven to be the areas at greatest risk of cargo theft.
- While Tennessee ranked sixth in total cargo theft incidents for the past five years, the state recorded the highest number of thefts in the Pharmaceutical product type over the same time period. With multiple large pharmaceutical distribution centers in the Memphis area have made Tennessee a hotbed for pharma theft activity. This is also seen, albeit to a slightly lesser degree, in Pennsylvania as well.
- The vast majority of thefts occur at unsecured parking areas in the United States, although thefts from secured parking locations grew steadily over the five-year period. Transportation providers who rely on secured parking areas should be aware of this trend.
- Thefts targeting the Consumer Care market skyrocketed by 575% over the five years, from eight recorded cases in 2006 to 54 in 2010. This shift in targeting could be the result of the hardening of the Pharmaceutical supply chain as well as the desirability of Consumer Care products on the black market.
- There is a direct correlation between the price of metals and the rate at which these metals are targeted. This study clearly demonstrates the rise and fall of copper thefts in relation to copper's market price over the five-year period. Wise shippers will apply this knowledge to protect other product types whose value suddenly soars.

As is apparent by these findings and others in this report, the five-year study served to underscore some established industry wisdom as it pertains to cargo thieves and their actions. The FreightWatch maxim that “Freight at Rest is Freight at Risk,” for example, is a now a proven fact for cargo in general.

More importantly, however, the study has brought to light trends that will allow a prudent shipper or transportation provider to take appropriate and timely steps to prevent or mitigate cargo theft in the future.

Above all, the study makes clear that efforts to improve security and harden the supply chain for certain product types have had success, but that the supply chain industry in general remains in dire risk from cargo thieves who have proven adept at shifting to softer targets.

#### Cargo Theft: 2006 – 2010

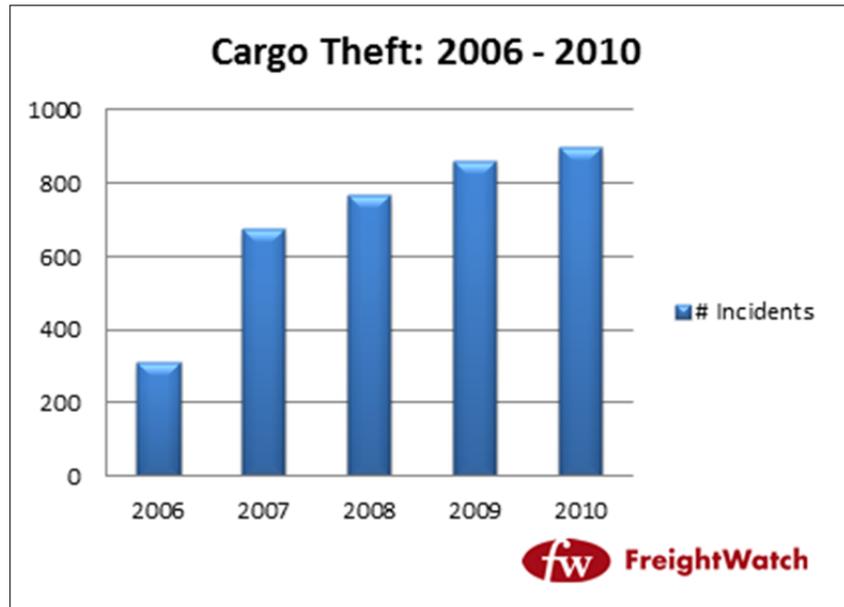


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## Analysis

Cargo theft in the United States has grown every year since FreightWatch began collecting theft data. Up 190% from the 310 incidents recorded in 2006, theft rates had grown by double-digit percentages annually until 2010. With 899 theft incidents recorded for that year, the rate of growth slowed to 4.1%.



While still a record high, the single-digit rate of growth demonstrates the emergent impact of efforts by supply chain professionals to make targeted loads — and, perhaps more significantly, high-value loads — less available to criminals, as the average loss per incident decreased by 17% in 2010.

## By Product Type

Cargo theft rates have consistently grown, in some cases at an exponential rate, over the past five years. When looking at theft by product type, however, we find dips and spikes in thefts over the years, although in all but two types the growth over five years is clear. Such is the case in Building/Industrial products, which saw a spike in 2008, with 122 thefts recorded for the year (equating to 16% of all cargo theft in the United States) — largely due to significant storms in the DFW that year causing for a boom in repair and roofing projects and subsequent thefts, and a decline to 76 and 86 thefts the following two years (9% and 10% of all cargo theft per year, respectively).

Product Type	2006	2007	2008	2009	2010
Alcohol	2%	4%	5%	3%	4%
Auto/Parts	5%	8%	7%	7%	6%
Building/Industrial	7%	9%	16%	9%	10%
Clothing/Shoes	9%	9%	8%	8%	11%
Consumer Care	3%	2%	3%	4%	6%
Electronics	38%	33%	22%	23%	19%
Food/Drinks	15%	13%	16%	20%	21%
Home/Garden	8%	7%	7%	10%	9%
Miscellaneous	7%	9%	11%	10%	8%
Pharmaceuticals	4%	6%	6%	5%	5%
Tobacco	3%	1%	1%	1%	1%

An exception to the growth trend is the steady decline in the Electronics product type's portion of overall cargo theft. In 2006, Electronics accounted for 38% of all theft incidents, but by 2010 this product type accounted for only 19% of the total. In fact, 2010 was the first time Electronics failed to top the list of theft incidents for the year. The percentage of thefts in the Tobacco product type also declined to just 1% of the total for four years running.

While Electronics has declined by percentage, the actually number of thefts has varied year to year. Additional analysis of this sector begins on page 18.

### Multi-trailer thefts

One of the more noticeable trends over the past five years is the exponential increase in multi-trailer thefts, incidents in which more than one trailer — or even several trailers — is stolen in a single event. While this is not a new *modus operandi* (M.O.) employed by thieves, multi-trailer thefts occurred at unprecedented levels in 2010, with 45 recorded multi-trailer theft incidents. Never before had recorded multi-trailer thefts reached double digits.

Of the 45 incidents of multi-trailer thefts recorded in 2010, the Electronics product type recorded the most, with 11 incidents resulting in 27 stolen trailers. Food/Drinks had eight incidents resulting in 16 trailers stolen, while the Clothing/Shoes and Miscellaneous categories tied for third, each with five incidents and 11 trailers stolen.

Product Type (2010)	# Incidents	# Trailers
Alcohol	4	9
Auto/Parts	2	5
Building/Industrial	1	6
Clothing/Shoes	5	11
Consumer Care	3	8
Electronics	11	27
Food/Drinks	8	16
Home/Garden	4	10
Miscellaneous	5	11
Pharmaceuticals	2	4
Tobacco	0	0

State (2010)	# Incidents	# Trailers
California	8	18
New Jersey	7	16
Florida	6	12
North Carolina	4	8
Tennessee	4	9
Texas	3	8
Georgia	2	6
Pennsylvania	2	4
Alabama	1	3
Connecticut	1	3
Illinois	1	2
Iowa	1	2
Maryland	1	6
Massachusetts	1	2
Michigan	1	2
Virginia	1	4

Of note is the single theft event of six trailers loaded with products in the Building/Industrial category. On Saturday, September 4, 2010, an unknown number of suspects entered a reportedly secured terminal yard in Baltimore, Maryland, and made off with six trailers loaded with a variety of metals, including nickel and high carbon ferrochrome. The loss was estimated at \$1.82 million.

### **Violence in Cargo Theft**

Violence (or the threat of violence) in US cargo theft is a rarity, often attributed to criminals with little experience in cargo theft or to more aggressive gangs such as those operating in the Los Angeles Basin. Of the 3,589 cargo theft incidents recorded by FreightWatch from 2006 through 2010, only 55, or 1.53% of all cargo theft incidents on record, involved violence. This includes facility robberies (armed instances), an extremely rare occurrence when compared with the number of facility burglaries each year.

California accounted for 18 acts of violence in cargo theft over the past five years, approximately 33% of the total recorded. Texas was second with eight incidents, while Florida was third with four, and Georgia and New York recorded three each.

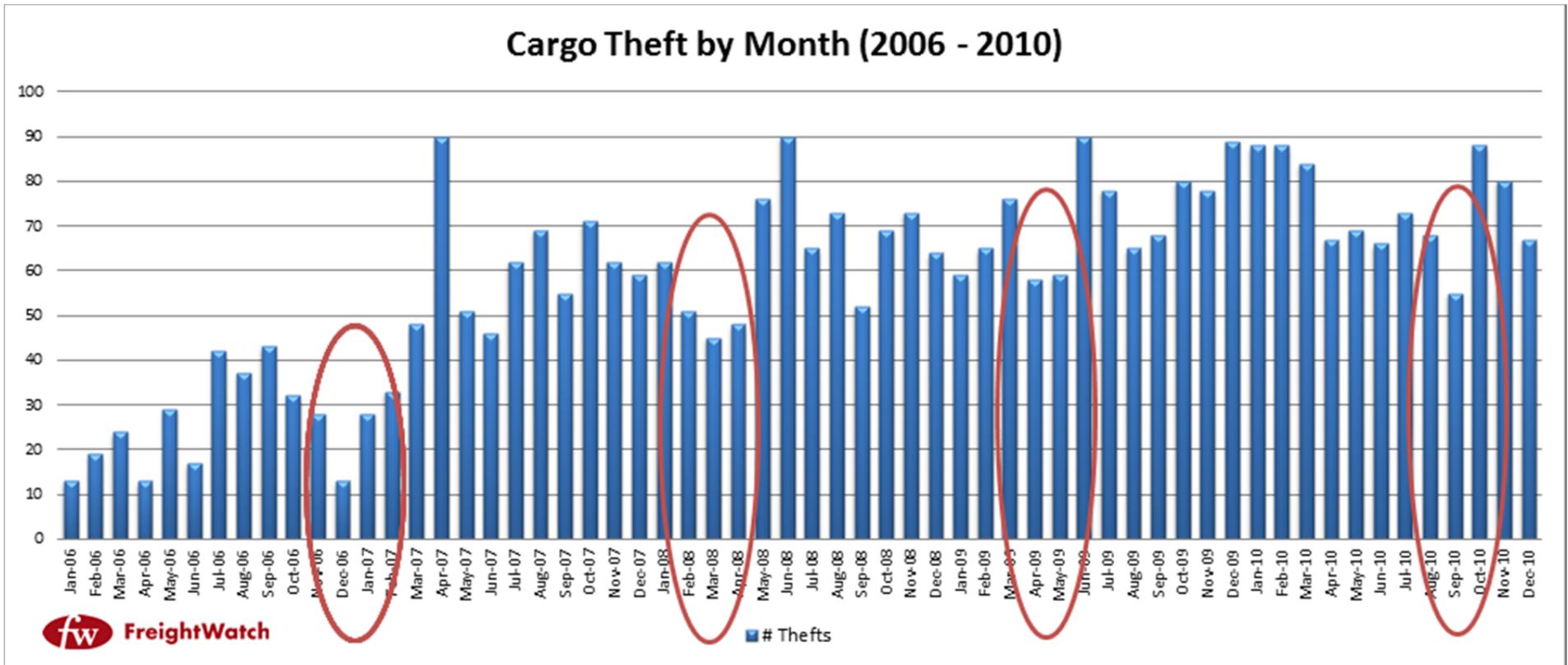
By product type, Electronics and Pharmaceuticals recorded 13 hijackings each over the past five years. Miscellaneous loads were hijacked seven times, while Tobacco and Building/Industrial products each recorded five incidents. It is important to note that hijacking is the theft of tractor-trailer through violence or the threat of violence. FreightWatch does not include last-mile delivery vehicles in its cargo theft statistics.

Despite these low numbers, violence in cargo theft received some attention at the end of 2010 as three incidents of violence occurred within a month. The two hijackings in Los Angeles and a facility robbery in Memphis served to remind industry professionals that the risk of violence in cargo theft does exist, and though the chances are slight, it must be taken into consideration when creating a supply chain security program.

### **Cargo Theft: By Month**

Because cargo criminals have never operated within the boundaries of calendar months or years, applying these arbitrary cutoffs to data analysis always poses the risk that emerging trends will be overlooked. Now, with five years of month-on-month, quarter-on-quarter and year-on-year statistics, we can move beyond those constraints to present a true overview of the status of cargo theft in the United States.

When analyzing theft by month over a continual timeline from January 2006 through December 2010, cargo theft rates increase and decrease in a cyclical pattern. An interesting point, however, is that the high periods and low periods vary slightly from year to year. End of year 2006 to early 2007 presents the first noted decline in theft, followed by February – April 2008, then April – May 2009 and then August – September 2010.



April 2007, June 2008 and June 2009 all recorded 90 thefts each, the highest single month total in the FreightWatch database. Also, the highest grouping of theft data is December 2009 through March 2010, with a total of 349 thefts, an average of 87.25 thefts per month.

Because of the ebb and flow of cargo theft rates from year to year, our ability to analyze theft activity over a longer time spectrum (five years in lieu of quarterly or annually) allows us to see periods of the calendar year in which cargo theft activity varies. Because of this, industry professionals should be able to more easily determine periods of increased risk based on statistical data.

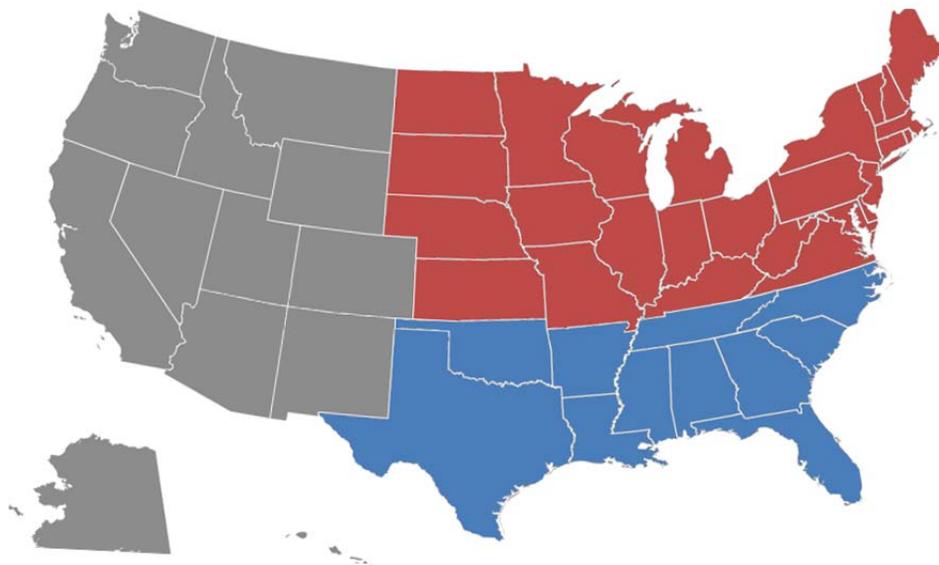
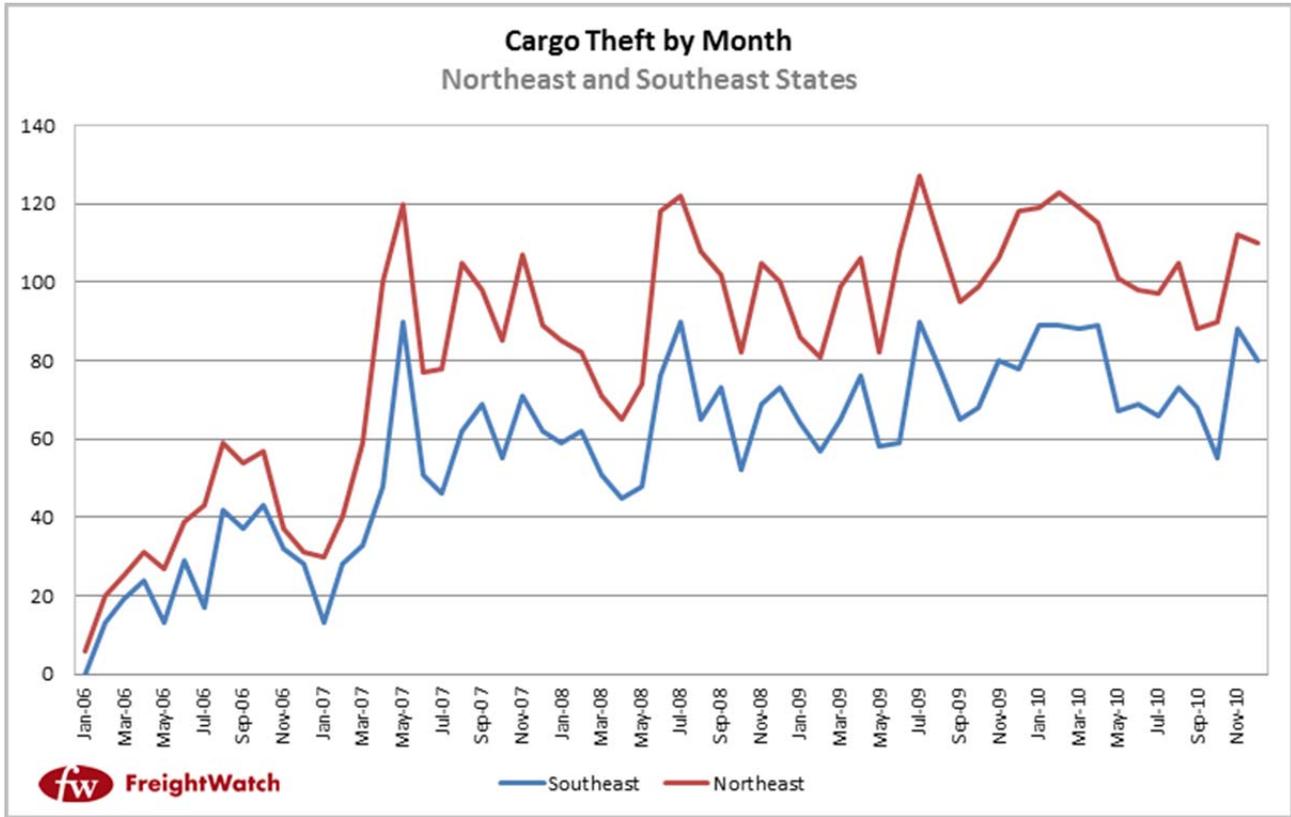
When analyzing data from all five years, October emerges as the No. 1 month for cargo theft occurrences. The statistics also confirm Q4, led by October, as a period of increased cargo theft activity ahead of the looming holiday season — as theft gangs and their brokers need time to steal the desired product and fence it before Christmas.



### Cargo Theft: Geography and Weather

We also examined severe weather (heavy ice, blizzards, extreme heat) as a separate category to determine whether this factor influences the actions of cargo thieves in any way. Our findings, however, showed no correlation between weather patterns and cargo theft rates. On a month-to-month basis, however, cargo theft rates between the sections of the United States analyzed (see map below) fluctuated up and down virtually identically.

While two of the three states that record the highest rates of cargo theft, Florida and Texas, are in the southern portion of the US, the larger northern section of the area analyzed consistently had a higher rate of theft incidents.



### Cargo Theft: Holiday Periods

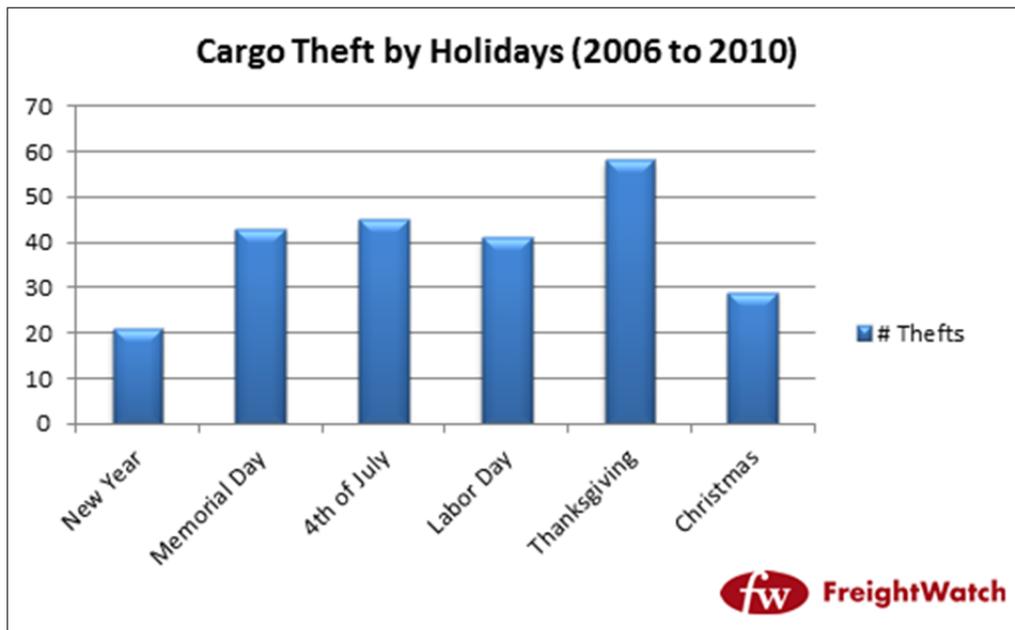
In December 2010, FreightWatch published a special report on cargo thefts occurring over the 2009 and 2010 holiday periods. Included in the analysis were the following US holidays and their associated vacation days (note: a four day time period was used for each holiday to provide equitable number of days for comparison purposes):

- New Year
- Memorial Day
- 4<sup>th</sup> of July
- Labor Day
- Thanksgiving
- Christmas

Looking at the holiday periods for those two years, cargo theft statistically increased by 28% on a per-day basis compared with the other days of the year.

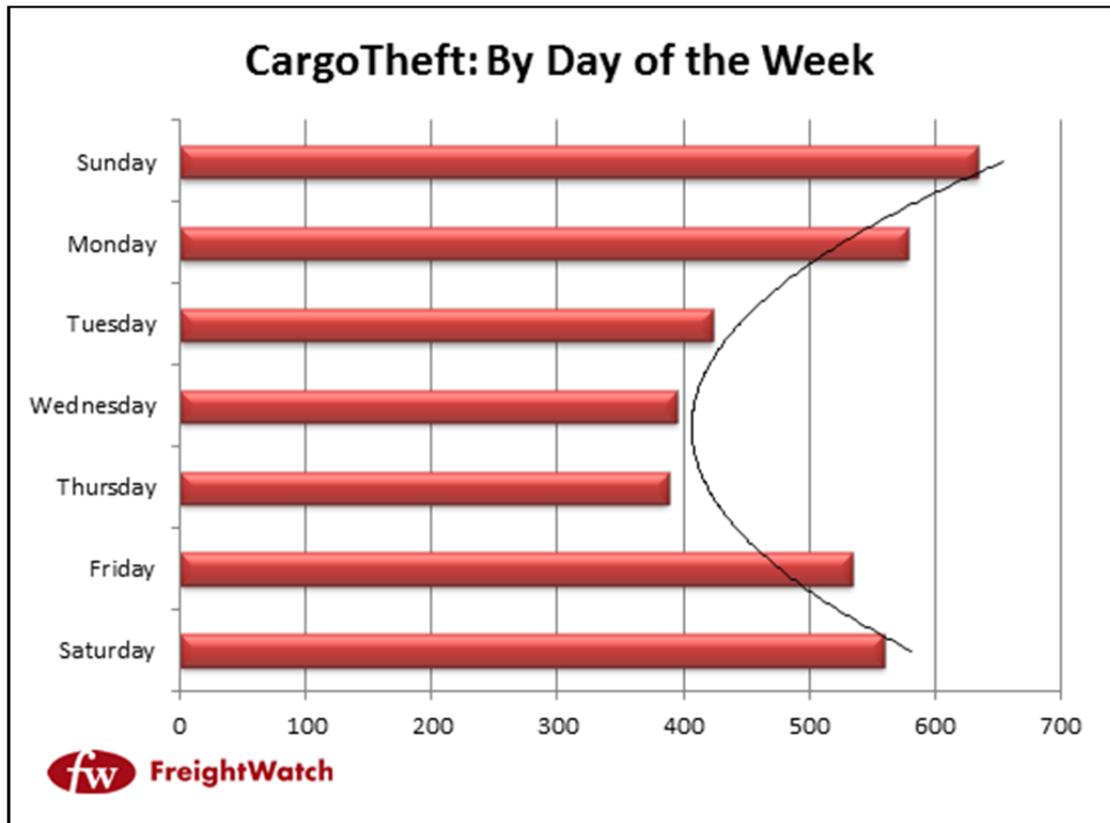
The same holiday periods were examined for this study, but for the full five-year period from January 2006 through December 2010. Within this longer time frame cargo theft rates increased 10.2% over non-holiday periods. Although the five-year results are less dramatic, an increase of more than 10% over a five-year period clearly demonstrates the increased risk cargo faces during extended days at rest.

Of the holidays examined, Thanksgiving had the most thefts recorded (leading three of the five years analyzed), with an average of 11.6 thefts occurring each year.



### Cargo Theft: By Day of the Week

This five-year study served to confirm the general industry understanding that cargo is more prone to theft over weekend periods. As the chart below illustrates, cargo thefts occur with higher frequency from Friday through Monday, while mid-week thefts take place at roughly two-thirds the rate as those on weekends. Sunday and Monday experience higher theft volumes, primarily because those are the days when drivers returning from weekend breaks most often discover their cargo is missing.

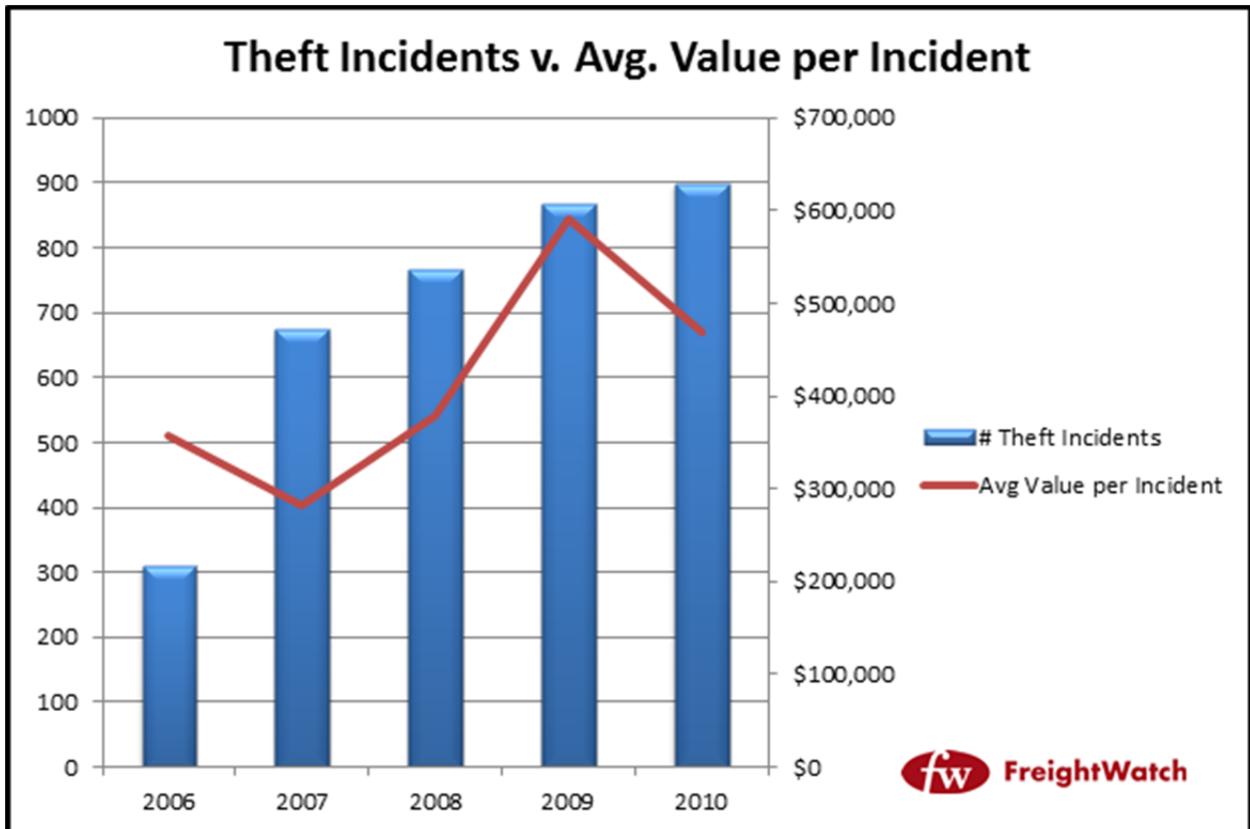


### By Value

The average value of loss per incident grew exponentially from 2007 to 2009, increasing by 108%. But that only tells a portion of the story. Cargo theft trends reflect the push and pull between criminals seeking high-value cargo and the loss prevention specialists who use industry advances such as technology and in-transit security practices to reduce losses.

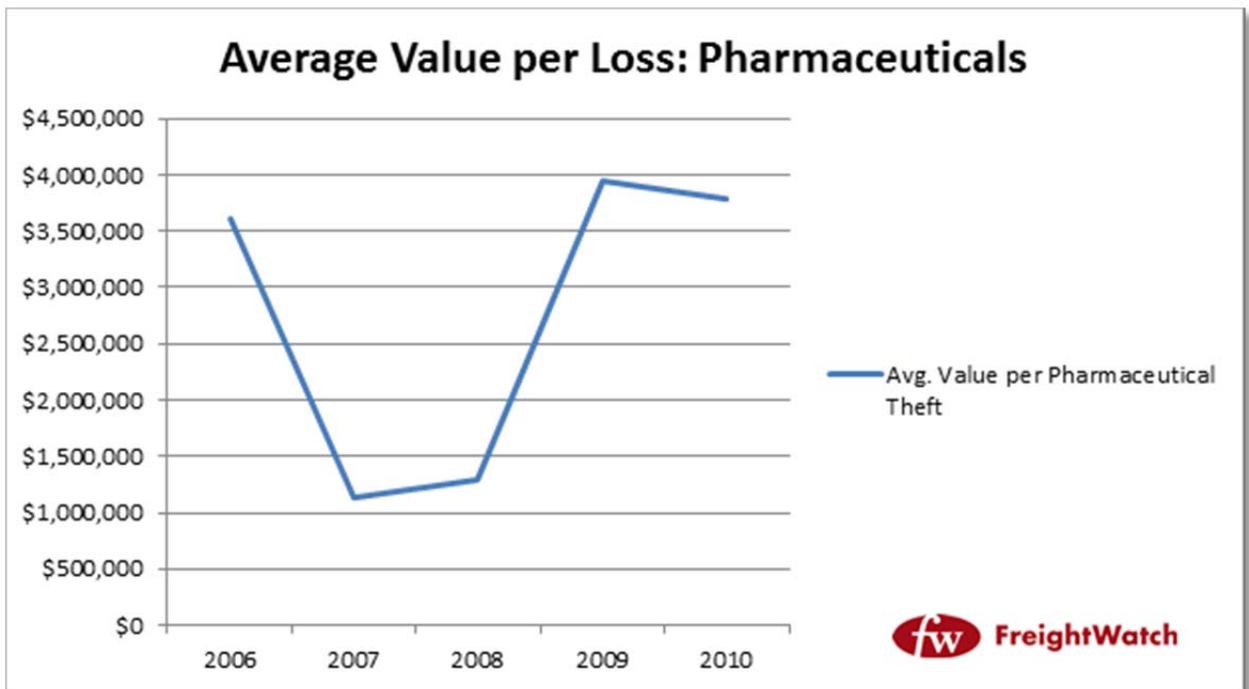
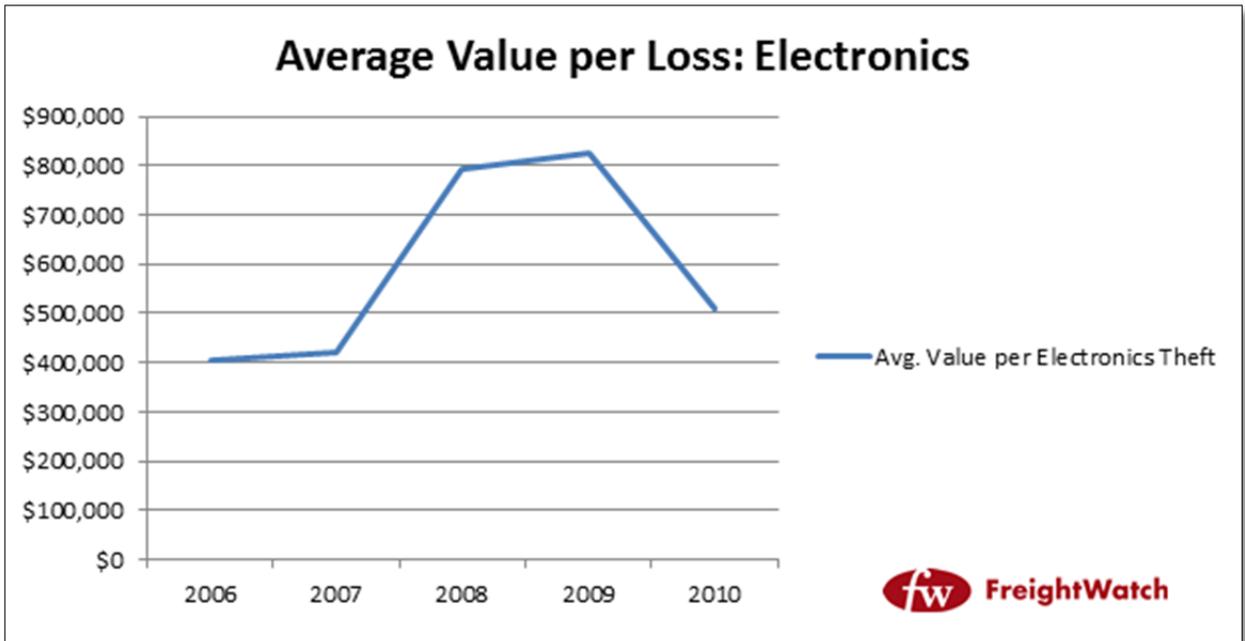
While the total volume of cargo theft was significantly lower in 2006 than in the succeeding four years (310 incidents in 2006 v. 899 incidents in 2010), cargo criminals were very successful in 2006 in stealing extreme high-value cargo (valued at over \$1 million). For that year FreightWatch

recorded 20 high-value theft incidents, or 6.5% of the total number of thefts. In 2010, by comparison, FreightWatch recorded 28 high-value thefts, although those comprised just 3.1% of the 899 thefts that year. In fact, the tipping point in the logistics industry — the point at which theft prevention leapt to the mental forefront of high-value-cargo shippers — likely came in 2006 as a result of the high percentage of extremely highly value losses.



Of all the years studied, 2009 stands out as the year that recorded the highest average value per loss for a variety of product types, among them Electronics and Pharmaceuticals (see charts below). The average loss value per incident for all product types in 2009 was \$591,000, surpassing every other year.

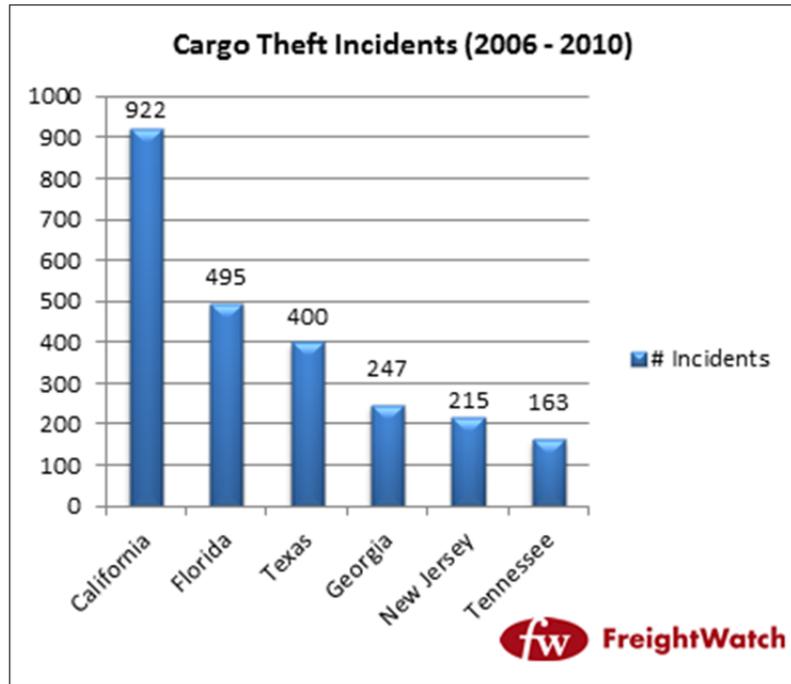
As cargo criminals transitioned their *modus operandi* from “pot luck” thefts at trucks stops and parking lots to active targeting of high-value goods through the middle of the decade, the value of losses per theft incident increased dramatically from 2007 to 2009.



## By State

For years California, Florida and Texas have been known in the supply chain industry as the “Big Three,” the states in which the majority of cargo thefts occur. In 2010 New Jersey joined this group, recording 121 cargo theft incidents, a 147% growth over the 50 incidents recorded in 2009.

This level of cargo theft activity places New Jersey fifth in the United States for total cargo theft activity in the United States over the past five years. The Big Three for cargo theft remain the same, however, with California recording 922 incidents, Florida with 495, and Texas with 400.



## Cargo Theft: Major Risk Zones

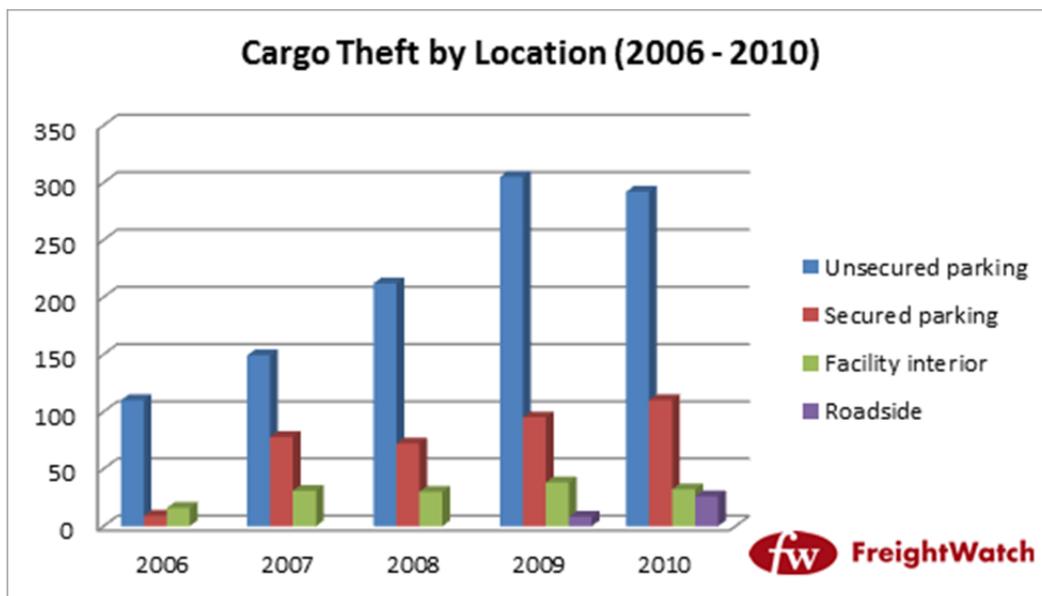
While theft data analyzed by state provides excellent trends at the macro level, the ability of supply chain and transportation professionals to see cargo theft incidents down to the city or county level is crucial if they are to adjust in-transit security policies and keep their cargo secure.

Los Angeles, Dallas/Fort Worth, San Bernardino, Miami-Dade and Memphis were the top five metropolitan areas for cargo theft in the United States over the past five years. Jacksonville, Fla.; Cook County, Illinois (Greater Chicago area); Hudson County, New Jersey; Fulton County, Georgia; and Middlesex County, New Jersey, rounded out the top 10.

Major Risk Zones (# Thefts 2006 - 2010)
Los Angeles (518)
Dallas/Fort Worth (243)
San Bernardino County (168)
Miami-Dade (158)
Memphis/W. Memphis (110)
Jacksonville, Fla. (74)
Cook County, Ill. (61)
Hudson County, NJ. (55)
Fulton County, Ga. (54)
Middlesex County, NJ. (50)

### Cargo Theft: By Location

Year after year, the vast majority of thefts occur at unsecured parking areas in the United States. Over the five-year period, 66% of all thefts occurred at this location type, while 23% occurred at secured locations and 9.1% occurred inside of a facility.

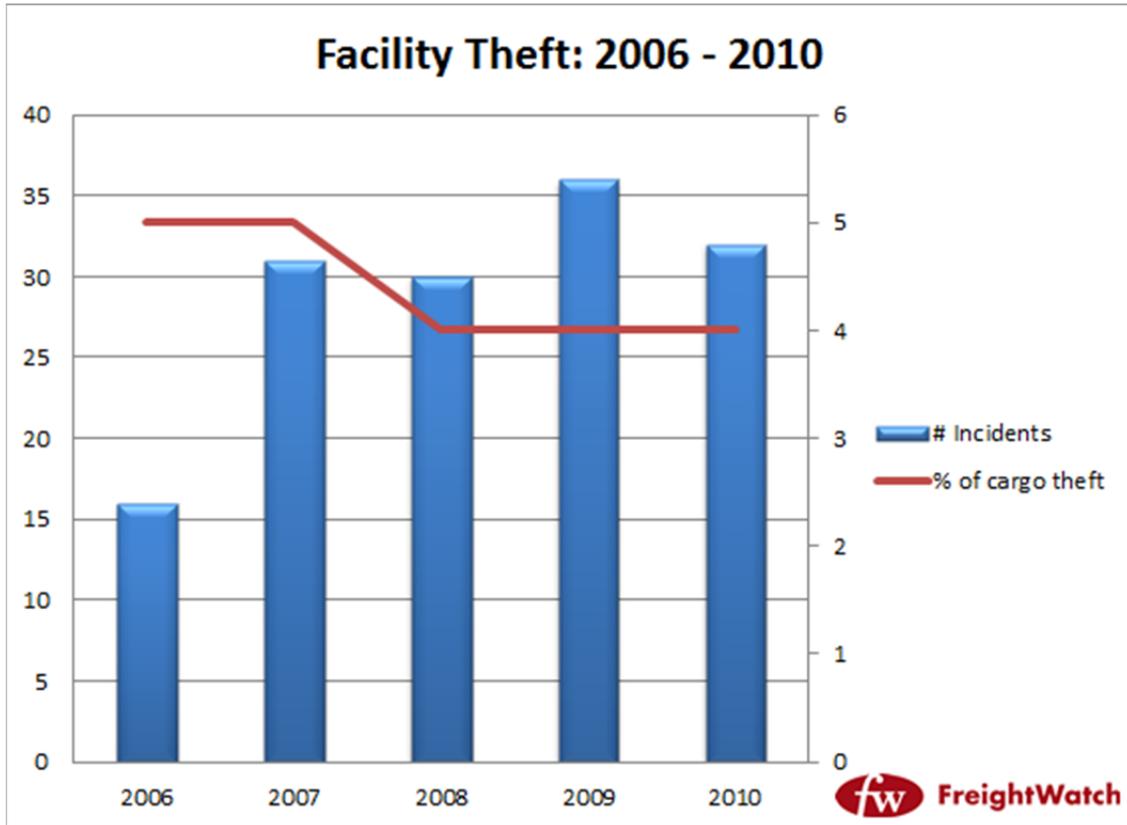


It is important to note, however, the slow but steady growth of theft from secured parking locations over the past five years. As shippers and their supply chain partners increasingly secure high-value cargo, including ensuring that loads are not left unattended in unsecured areas, cargo criminals are proving to be more resourceful and aggressive in acquiring their targeted goods.

When analyzing thefts that occur within facilities, such as warehouse burglaries and robberies, while the total number of theft incidents per year fluctuates from 16 to 36 incidents, the overall percentage remains between four and five percent annually.

Intuitively, warehouse burglaries and robberies would be more lucrative for criminals as they are able to obtain more product than contained in a single tractor-trailer. Over the past five years, FreightWatch has recorded approximately \$261 million in lost goods from facility theft incidents, with an average of \$1.8 million per incident.

So while warehouse burglaries are far more lucrative than full truckload thefts, the increased security associated with facilities and increased risk of detection and capture; coupled with the relative ease of FTL thefts when loads are left unattended, keep the overall rate of warehouse burglaries low.



By product type, electronics was the most commonly targeted in warehouse burglary scenarios, recording 66 incidents over five years (45% of all recorded facility thefts). Building/industrial and clothing/shoes had 14 recorded incidents each, and pharmaceuticals had 10.

Texas, Florida and California accounted for 54% of all recorded facility thefts, with 28, 25, and 26 respectively.

## Electronics

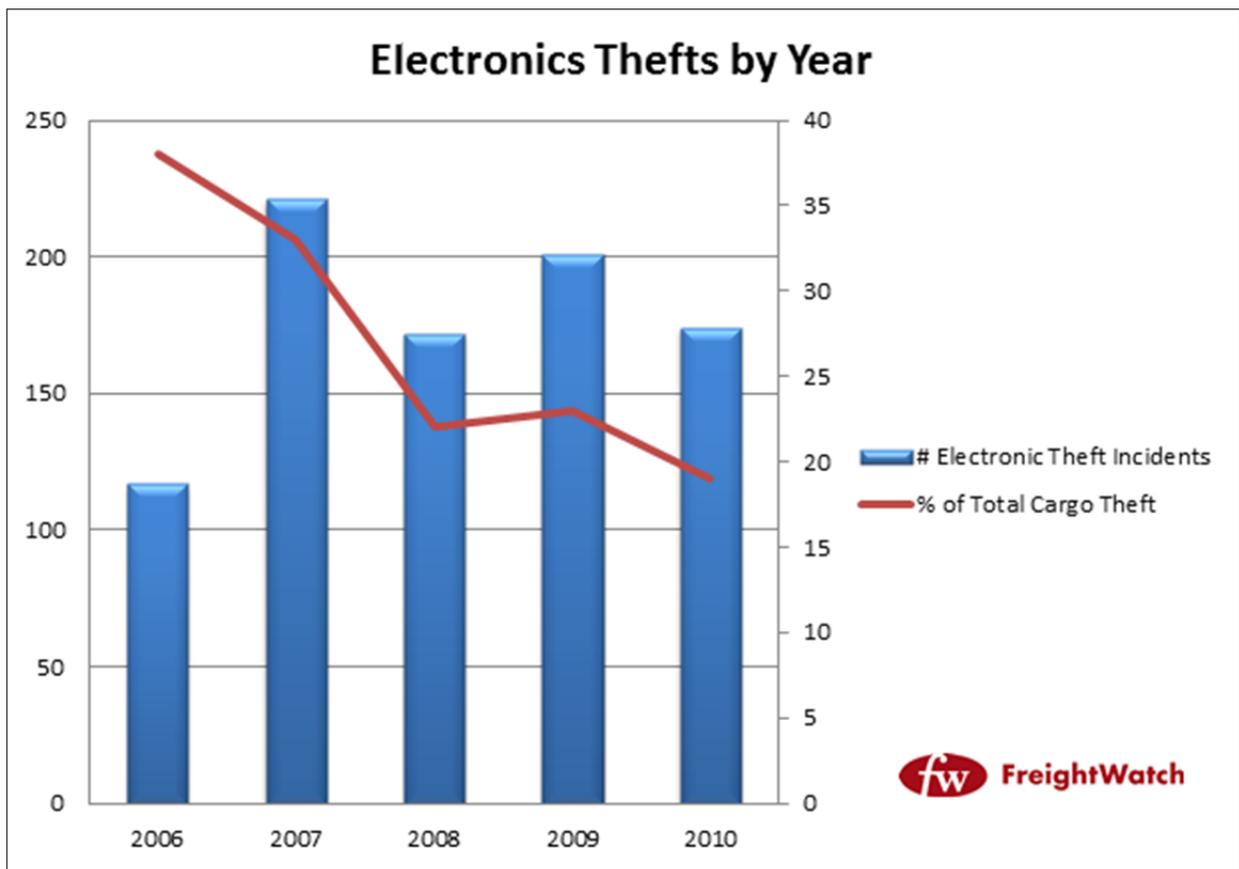
From 2006 through 2010, FreightWatch recorded 896 cargo theft incidents in the Electronics sector, accounting for more than \$512 million in direct losses.

While the number of cargo thefts in the Electronics sector shifted considerably from year to year over the five-year period (peaking at 221 incidents in 2007), the net result was

Year	# Thefts	% of All Cargo Theft
2006	117	38%
2007	221	33%
2008	172	22%
2009	201	23%
2010	174	19%

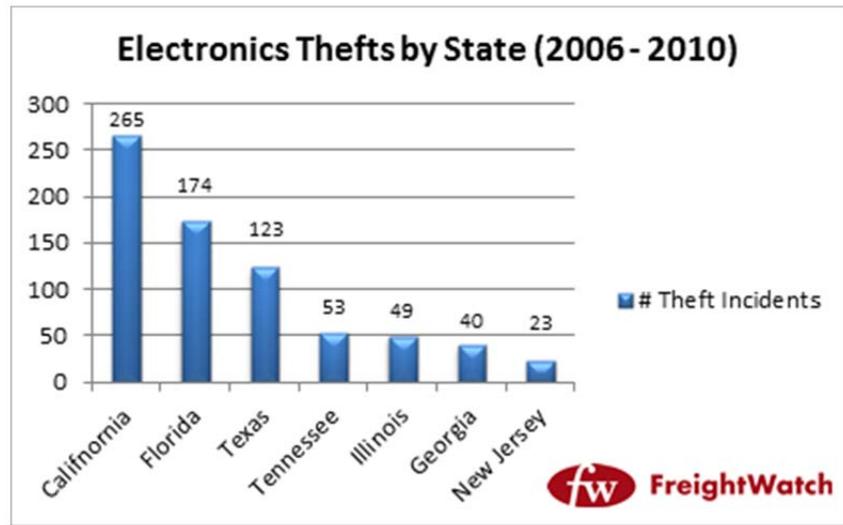
an increase in thefts from this sector from 2006 to 2010. At the same time, however, the percentage of Electronics thefts in relation to all cargo theft in the United States declined significantly.

In 2006, Electronics comprised 38% of all cargo theft incidents recorded by FreightWatch, while in 2010 this product type accounted for only 19% of thefts. Thus, for the first time since FreightWatch began collecting cargo theft data, Electronics dropped to second place on the list of most stolen product types.



### Electronics Theft: By State

Not surprising, given their “Big Three” status, California, Florida and Texas recorded the highest levels of cargo theft activity in the Electronics sector from 2006 to 2010. Tennessee, Illinois and Georgia followed, while New Jersey recorded 23 incidents over the five-year period.

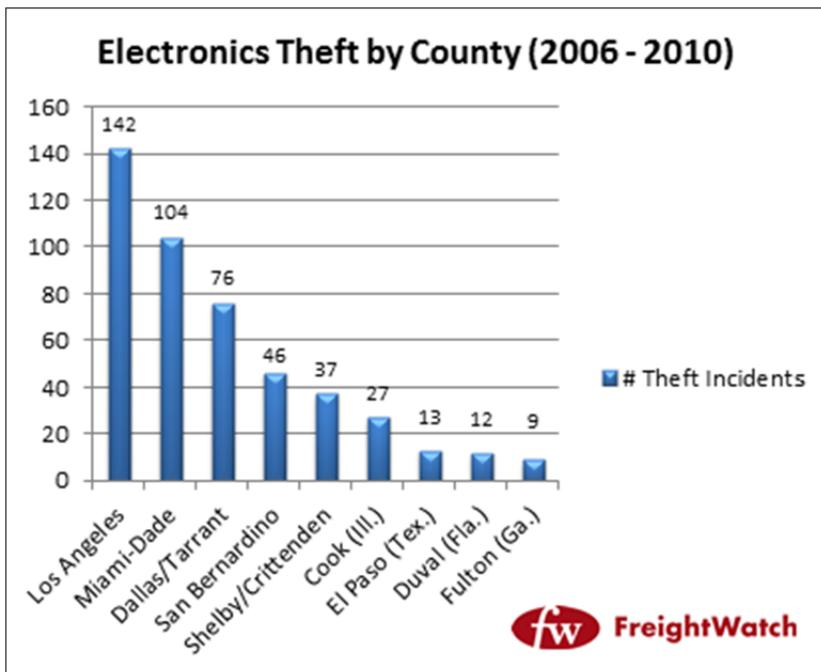


### Electronics Theft: By County

When looking at recorded Electronics thefts at the county level over five years, the traditionally recognized hot spots for thefts of this nature stood out. Thus, these known hot spots — Los Angeles County, Miami-Dade, Dallas/Fort Worth (Dallas/Tarrant Counties) and San Bernardino County — collectively accounted for 41% of all Electronics thefts in the country.

Memphis/West Memphis (Shelby/Crittenden counties) was the fifth most active area in the country for thefts in this industry. Cook County (Greater Chicago area), which was the site of nearly every Electronics theft incident recorded in Illinois, recorded the fifth highest level of Electronics theft in the country.

One of the most surprising discoveries, given its status as one of the nation’s hot spots for cargo theft, was the relatively low number of Electronics thefts in Fulton County (Atlanta). In this sector Fulton County placed ninth, even trailing Texas’s El Paso County and Florida’s Duval (Jacksonville) County. Indeed, Fulton County earns



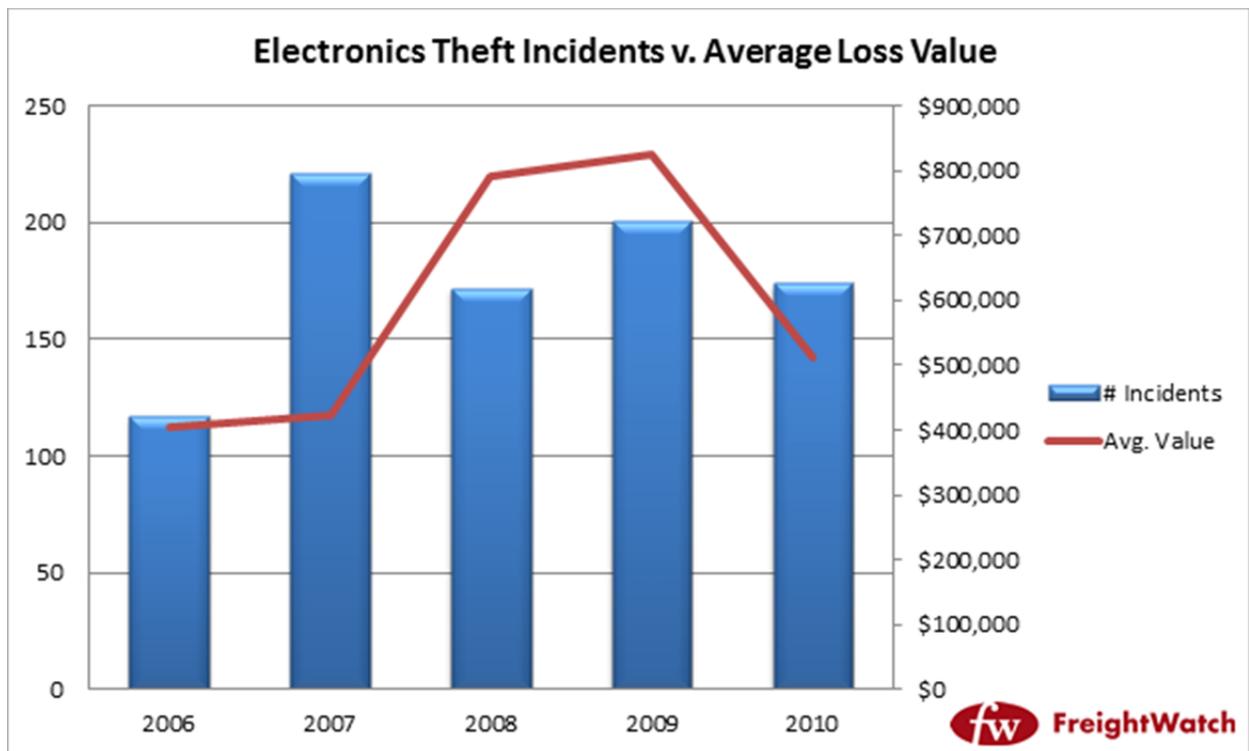
its overall high rate of cargo theft as a result of thefts in other industries, such as Food/Drinks and Building/Industrial, and a large number of thefts of all product types in the Atlanta general area, but outside the county lines.

### Electronics Theft: Volume v. Average Value

Although the cargo theft rate was higher than in 2006 in all four subsequent years, the increase was not steady over the five-year period. In fact, an examination of theft totals on a yearly basis reveals an almost cyclical pattern (see chart below), as rates increase and then decrease every other year consistently.

The average loss value per incident is less consistent, with varying percentages of growth each year from 2007 to 2009, then a substantial decline in 2010. The most dramatic change year on year occurred from 2007 to 2008, when the average Electronics theft value jumped from \$421,900 to \$791,900, a 71.1% increase.

Electronics Theft by Year	+/-% Value
2007	+4.6%
2008	+71.1%
2009	+4.2%
2010	-37.9%

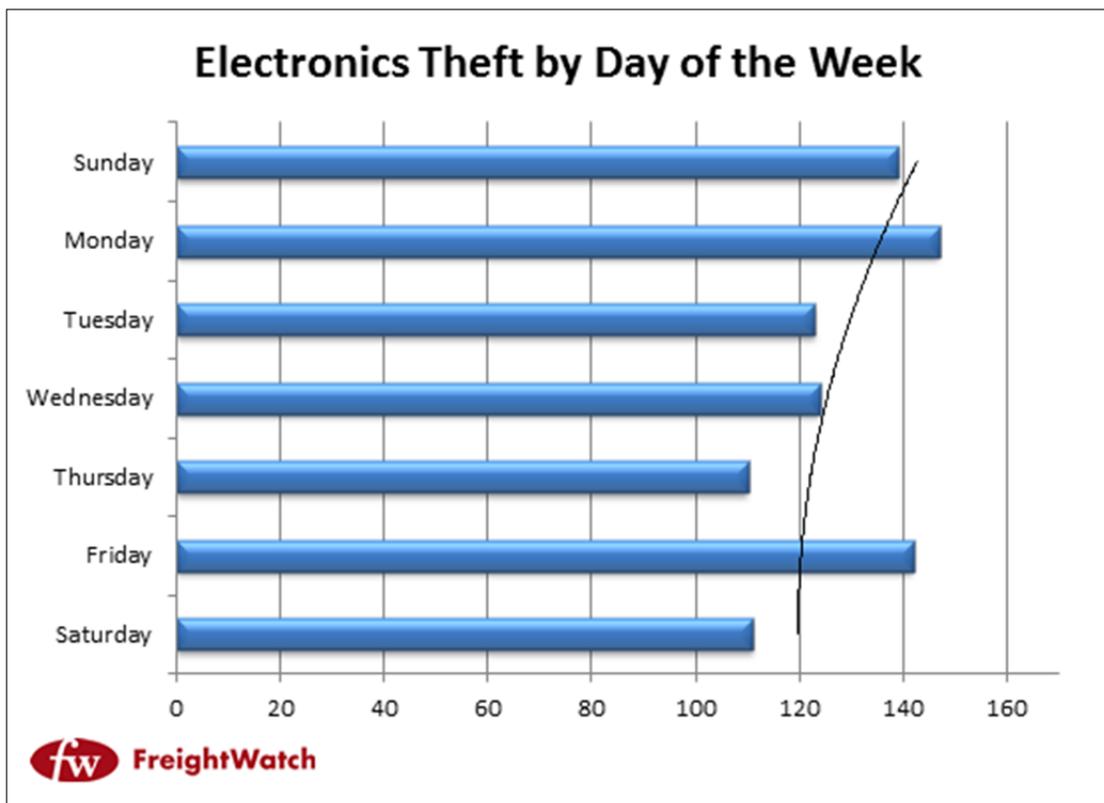


### Electronics Theft: By Day of the Week

It has long been understood within the supply chain industry — and is now proven through analysis of cargo theft data over five years — that cargo is more at risk over weekend periods than during the middle of week.

This absolute, however, does not hold true when looking at the Electronics industry specifically.

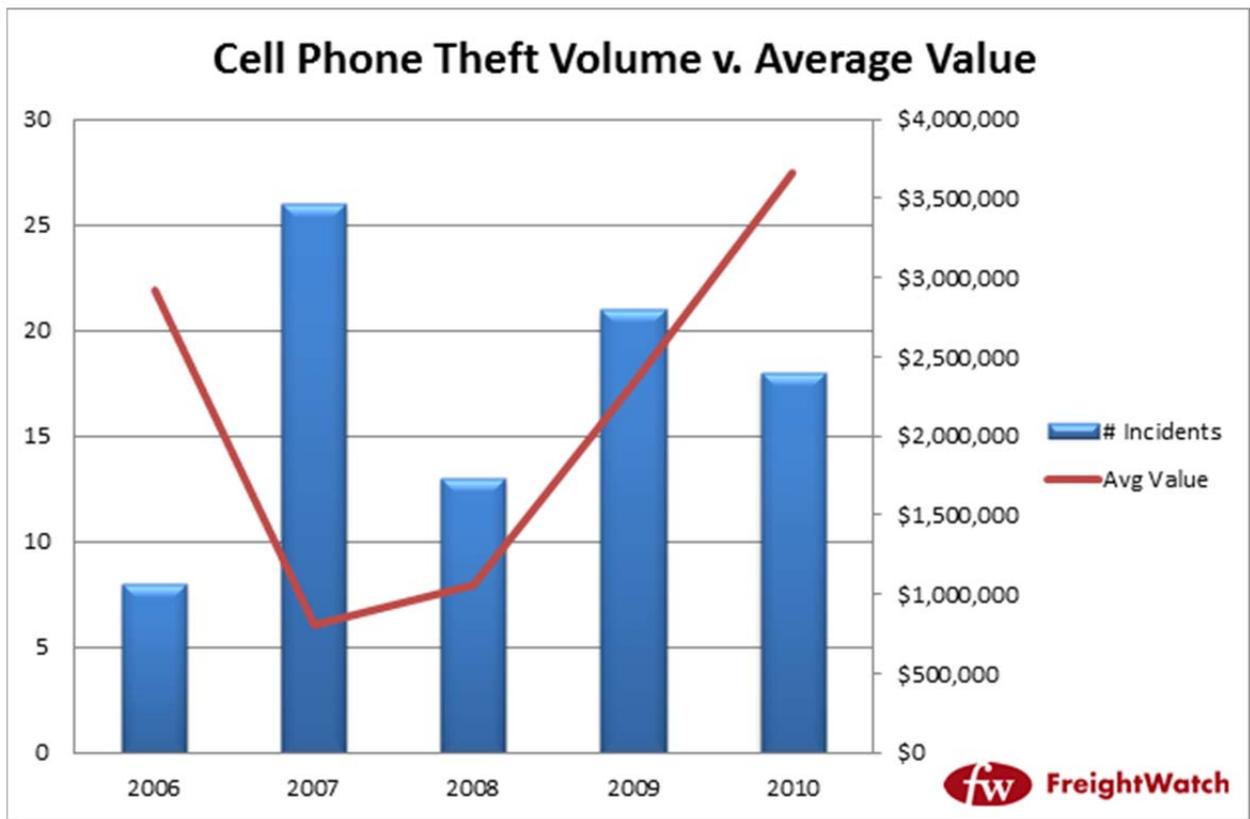
Cargo data for the Electronics industry over five years shows that, while thefts occur with somewhat increased frequency over weekend periods, Tuesday and Thursday both experienced higher rates of theft than Saturday. Still, the highest levels of theft of this product type were recorded on Friday and Monday.



One possible explanation for this deviation from traditional cargo theft trends is the level of targeting of Electronics products by cargo criminals — a result of the degree of desirability of these products on the black market. The opportunity to quickly fence coveted products provides added incentive for aggressive cargo thieves to work mid-week. Additionally, the Electronics sector as a whole, now well-versed in the dangers of cargo theft, is less likely to leave high-value loads stationary over weekend periods.

### Cell Phones

The volume of cargo theft within the cell phone industry has been inconsistent over the past five years. The highest number of thefts of this product (a subset of the Electronics product type) occurred in 2007, with 26 recorded incidents, followed by 21 incidents in 2009. However, although 2007 ranked first in the volume of thefts targeting cell phones, it ranked last in average loss value, at \$802,700 per incident. By comparison, 18 theft incidents were recorded in 2010, with an average loss value of \$3.65 million per incident.



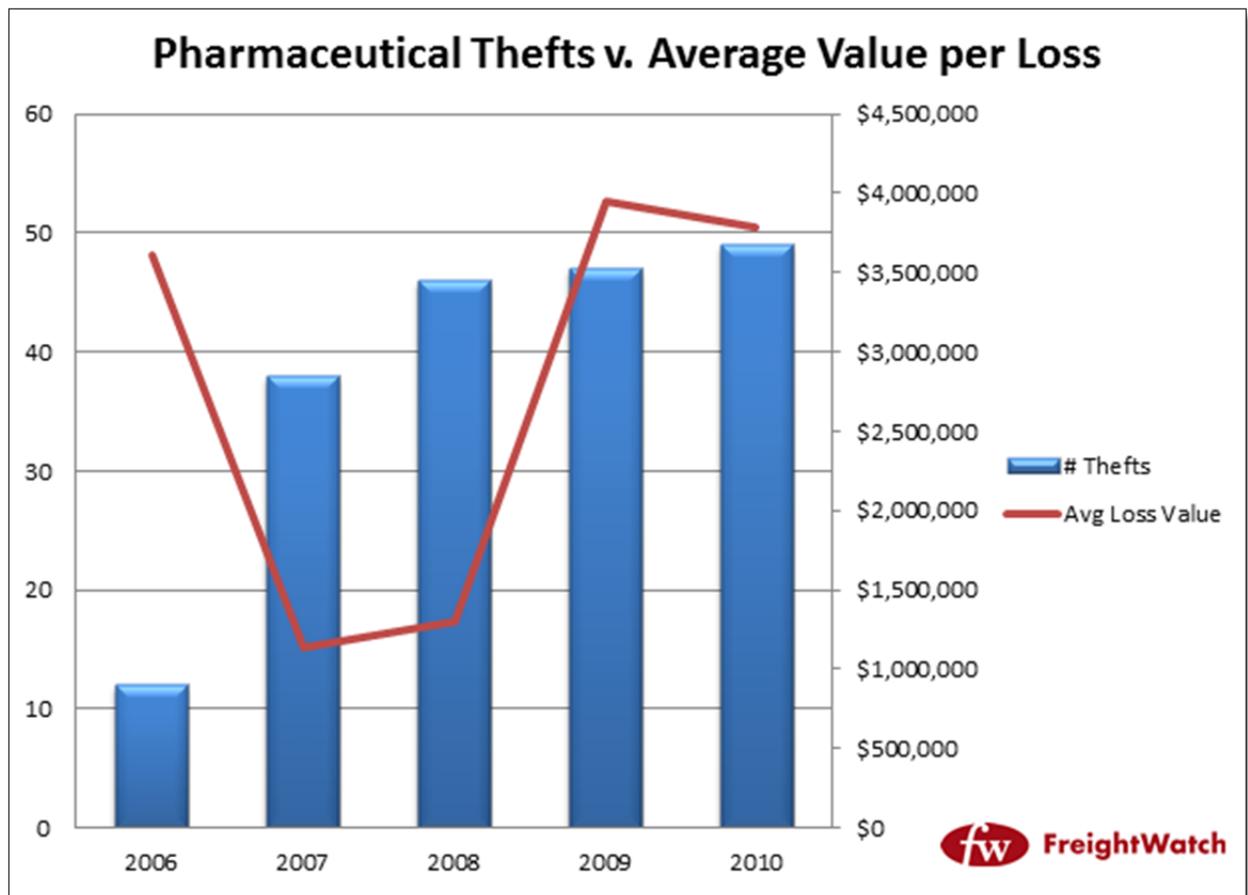
By state, Florida (27), California (12) and Texas (12) all recorded double-digit theft incidents, with Tennessee (6), Kentucky (5), Illinois (4) and Georgia (4) rounding out the top seven.

By city, Miami recorded 16 theft incidents of cell phones from 2006 to 2010, the most on record. This was followed by Fort Worth with six loads, Memphis with four loads and Los Angeles with three.

## Pharmaceuticals

Pharmaceutical thefts grew exponentially from 2006 to 2008, increasing by 283% (from 12 recorded thefts in 2006 to 46 incidents in 2008). Since 2008, the rate of growth has been almost flat, with one additional incident recorded in 2009 and two more incidents in 2010.

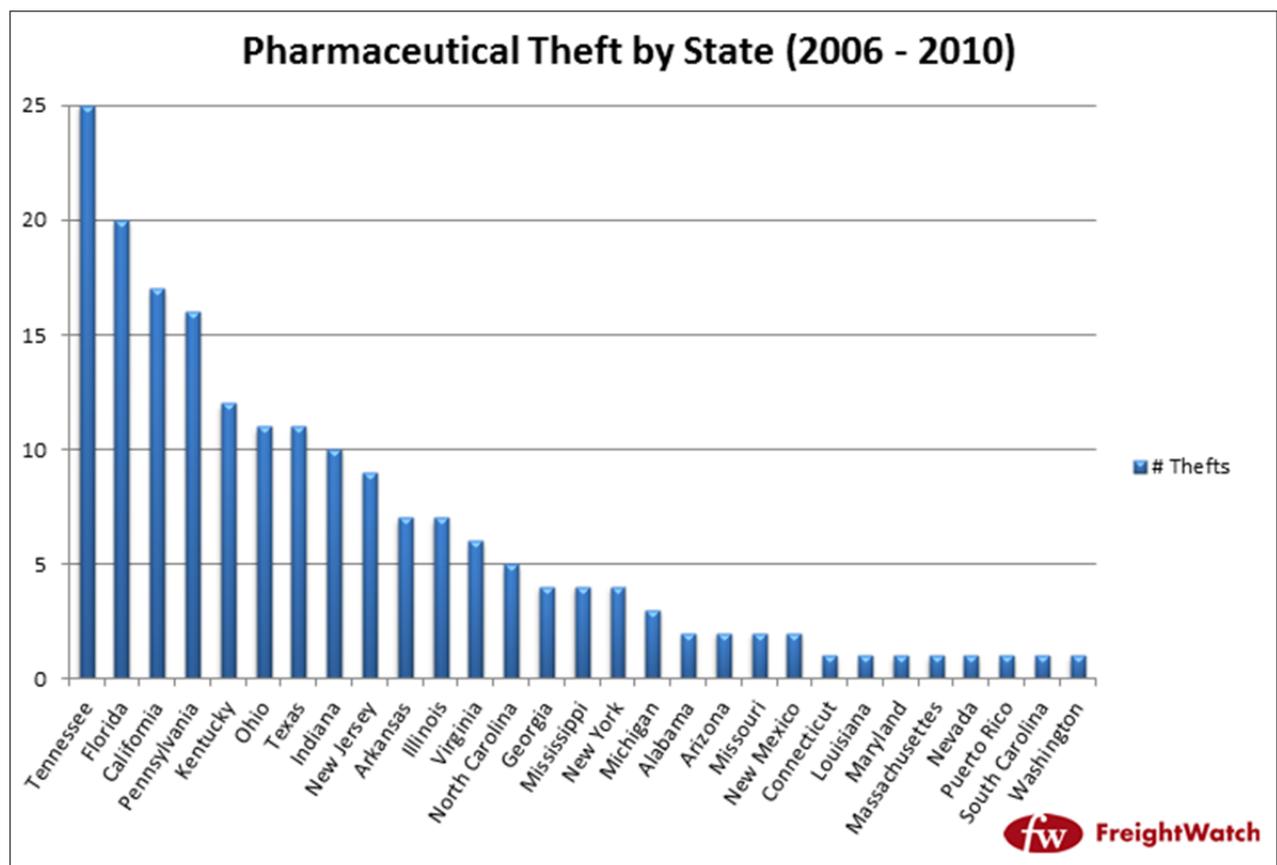
Despite the rate of growth in pharmaceutical thefts since 2006, the average value per incident has fluctuated significantly, from the lowest average of \$1.13 million in 2007 to the highest average of \$3.95 million in 2009.



### Pharmaceutical Theft: By State

While Tennessee ranked sixth in total cargo theft incidents for the past five years, the state recorded the highest number of thefts in the Pharmaceutical product type over the same time period, with 25 thefts. Florida was second with 20, and California was third with 17.

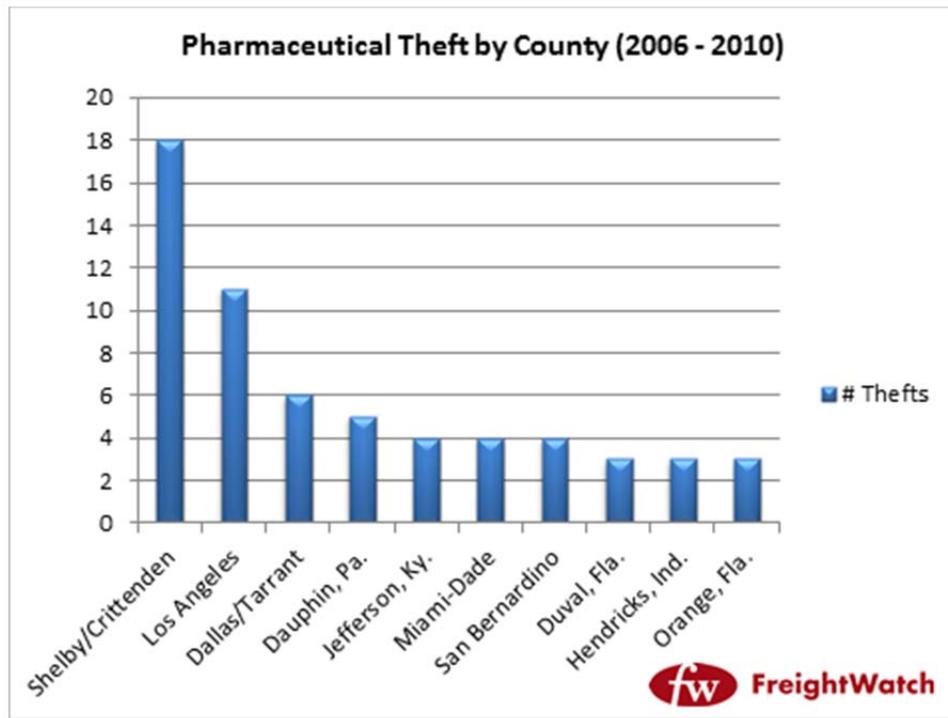
Of note, Pennsylvania was fourth in Pharmaceutical thefts with 16 theft incidents, although it ranked 16<sup>th</sup> in total cargo theft; Kentucky, which was fifth with 12 pharmaceutical thefts, ranked eighth in overall thefts.



A single pharmaceutical theft incident in Puerto Rico recorded over the time period assessed is included in this chart.

### Pharmaceutical Theft: By County

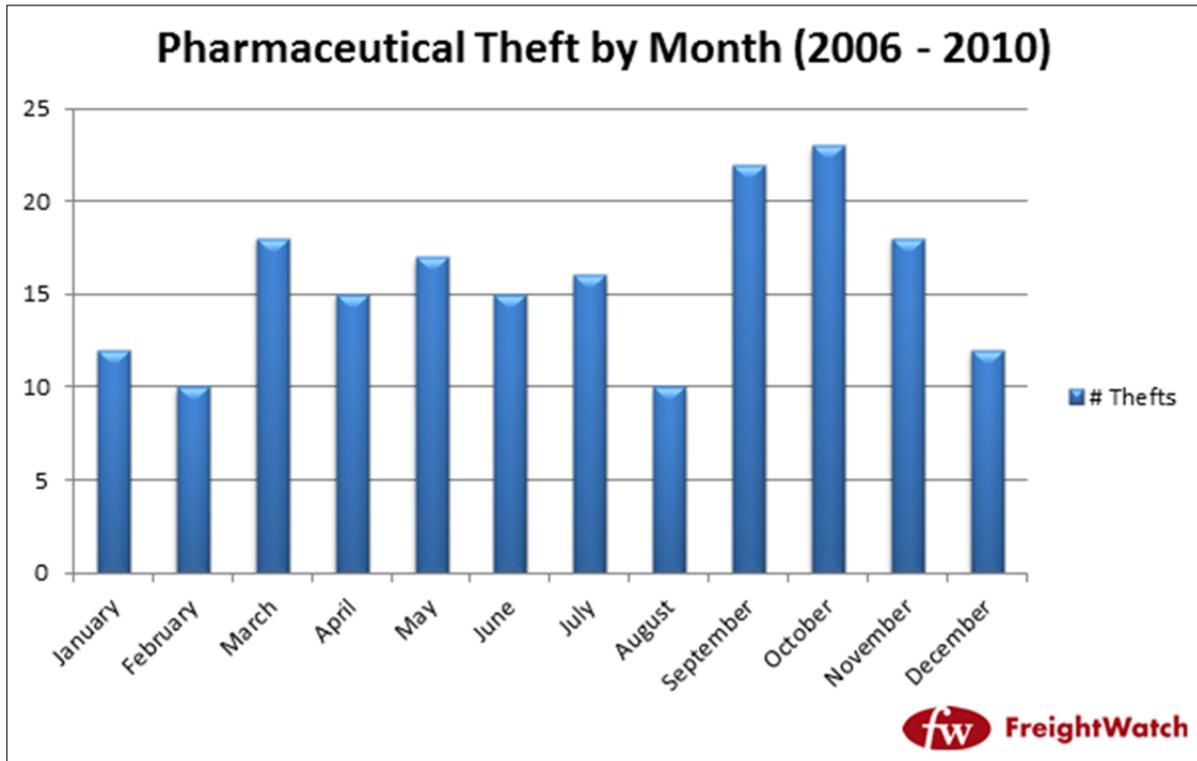
At the county level, the Memphis area (Shelby and Crittenden counties) recorded the most Pharmaceutical theft incidents with 20. Los Angeles County was second with 11, while Dallas/Fort Worth (Dallas and Tarrant counties) was third with six.



Of particular note, Dauphin County (Harrisburg), Pennsylvania, ranked fourth in Pharmaceutical thefts over the five-year period, even though the Harrisburg area ranks very low for cargo theft overall.

### Pharmaceutical Theft: By Month

As with cargo theft in general, October stands out as the highest month for Pharmaceutical theft incidents, recording 23 total incidents in the month from 2006 to 2010. In contrast, September was the second highest month for thefts in the Pharmaceutical sector, although it ranked 10<sup>th</sup> for all cargo theft over the same period.



### By Event Type and Location

Theft of a trailer accounted for 87.8% of all Pharmaceutical thefts in the Event Type category over the past five years.

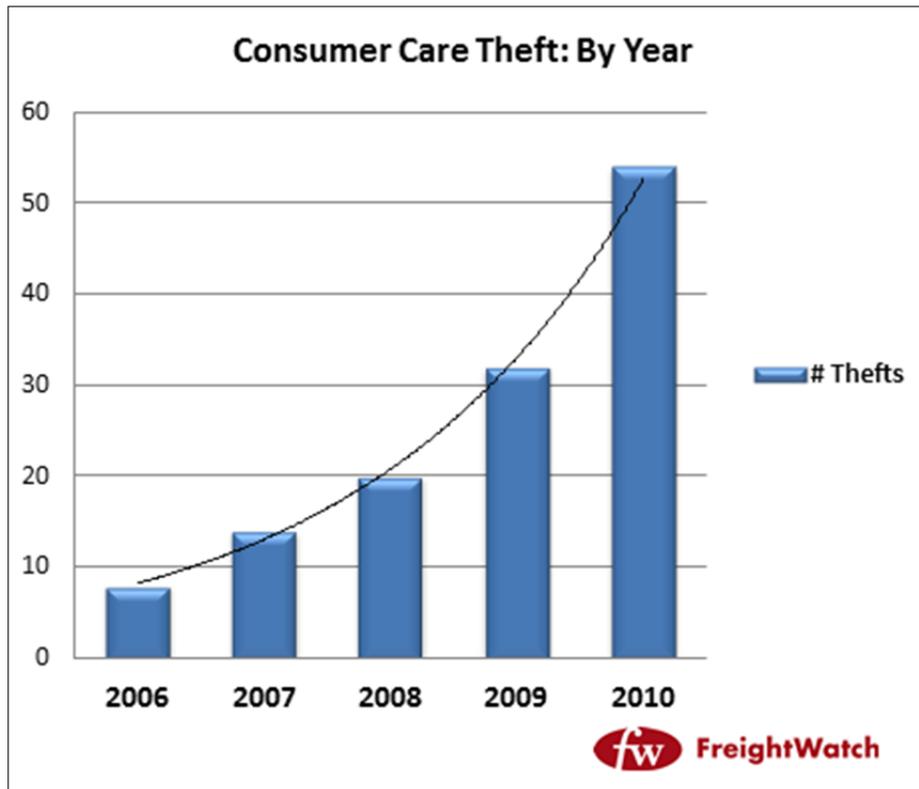
During the same period there were 12 hijackings in the Pharmaceutical industry, nine warehouse burglaries and one warehouse robbery.

Event Type	# Thefts
Theft of a trailer	167
Theft from a trailer	4
Hijacking	12
Facility burglary	9
Facility robbery	1

### Consumer Care

**NOTE:** For purposes of this report and current cargo theft tracking statistics, the Consumer Care product type includes any products that are used on a person's body, such as creams, lotions, perfumes, toothpaste, etc., but are not ingested, injected or prescribed. Anything that is injected, injected or prescription strength would be considered pharmaceuticals.

The level of theft activity in the Consumer Care market has increased exponentially over the past five years. Although only eight thefts were recorded in 2006, the Consumer Care product type suffered 54 thefts in 2010, representing a 575% increase.



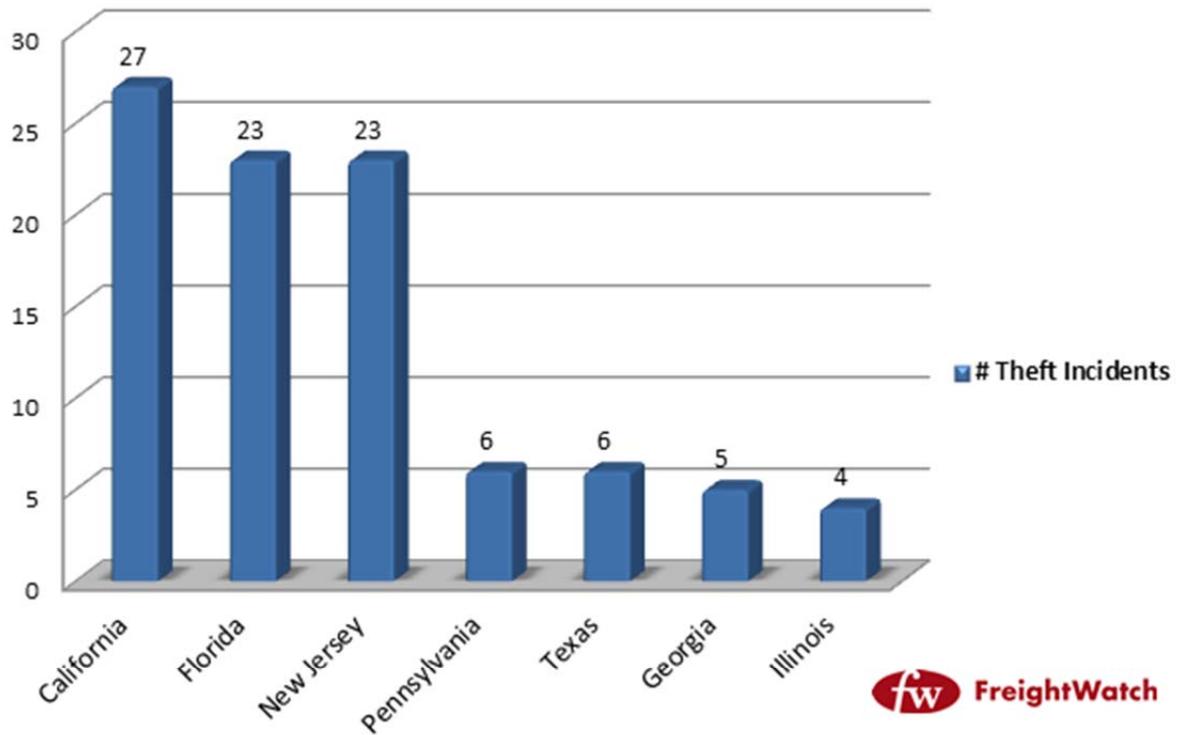
This obvious trend could be the result of the hardening of the supply chain for higher value pharmaceutical products, such as prescription drugs and narcotics. Additionally, although high-value loads bring higher payoffs during the fencing process, Consumer Care products are also highly desirability on the black market.

### Consumer Care Theft: By State and County

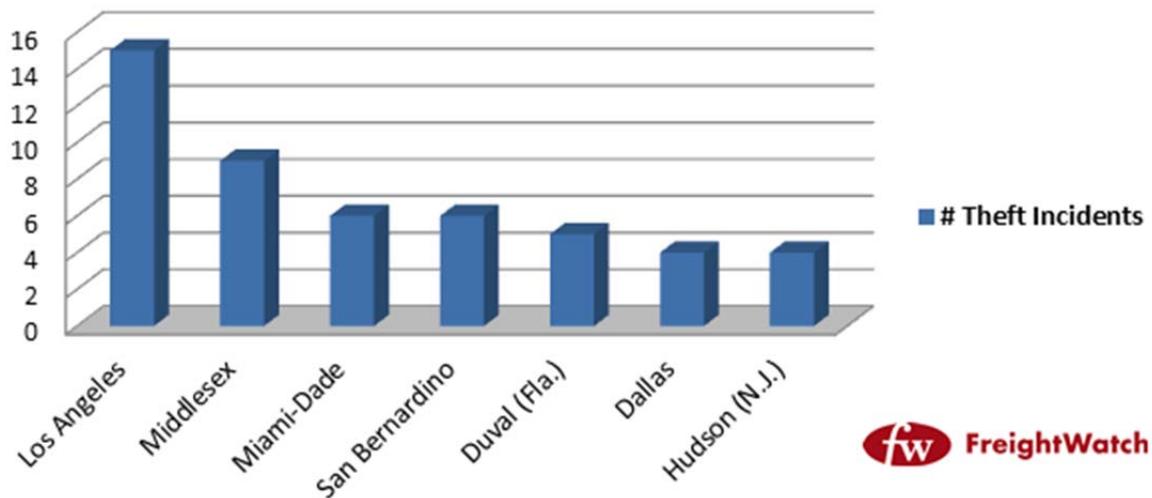
Over the past five years the Consumer Care market has been victimized by cargo thieves most predominantly in the same states and counties in which cargo theft rates are typically high. Thus, Los Angeles, Miami-Dade, San Bernardino (California) and Duval (Florida) counties all made the top seven.

Middlesex County, New Jersey, recorded the second highest number of Consumer Care thefts, with 11 over the past five years. While New Jersey has emerged as a hot spot for cargo theft in the United States, thefts in the state are generally spread across all product types. Middlesex County's second-place ranking in thefts of this product type, however, clearly indicates the existence of a market for these products in the northern New Jersey area.

### Consumer Care Thefts by State (2006 - 2010)

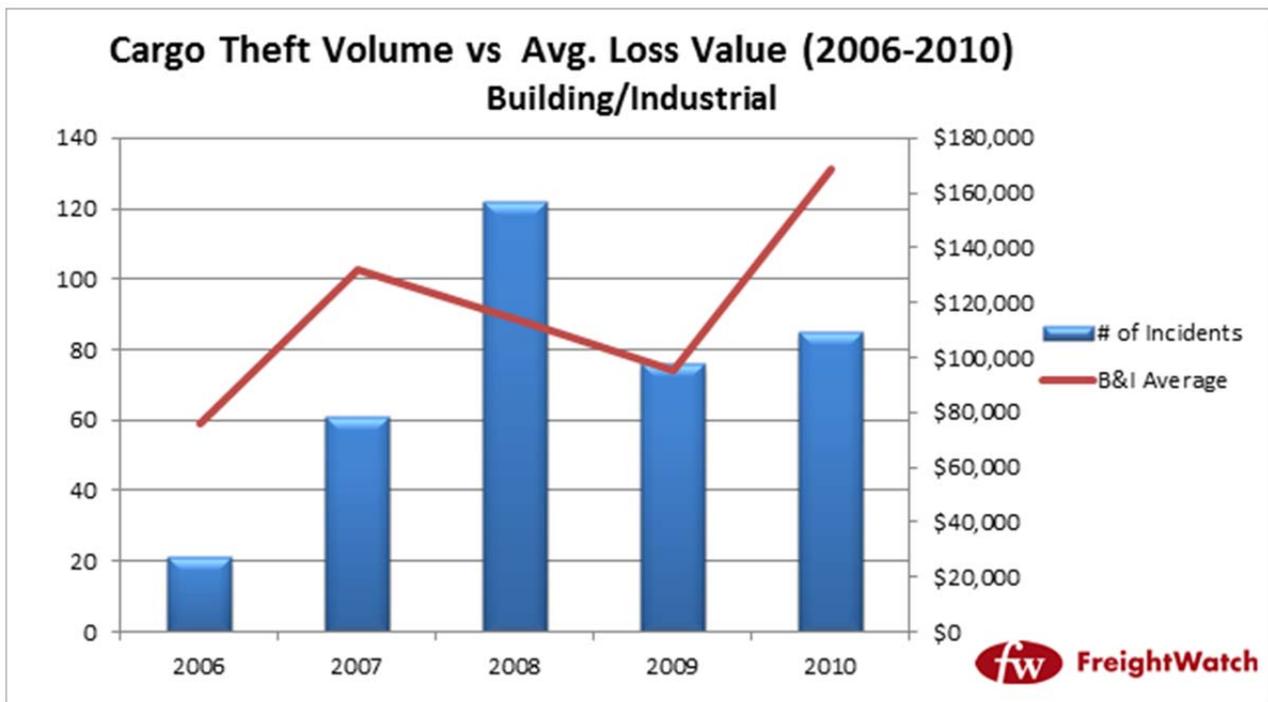


### Consumer Care Thefts by County (2006 - 2010)

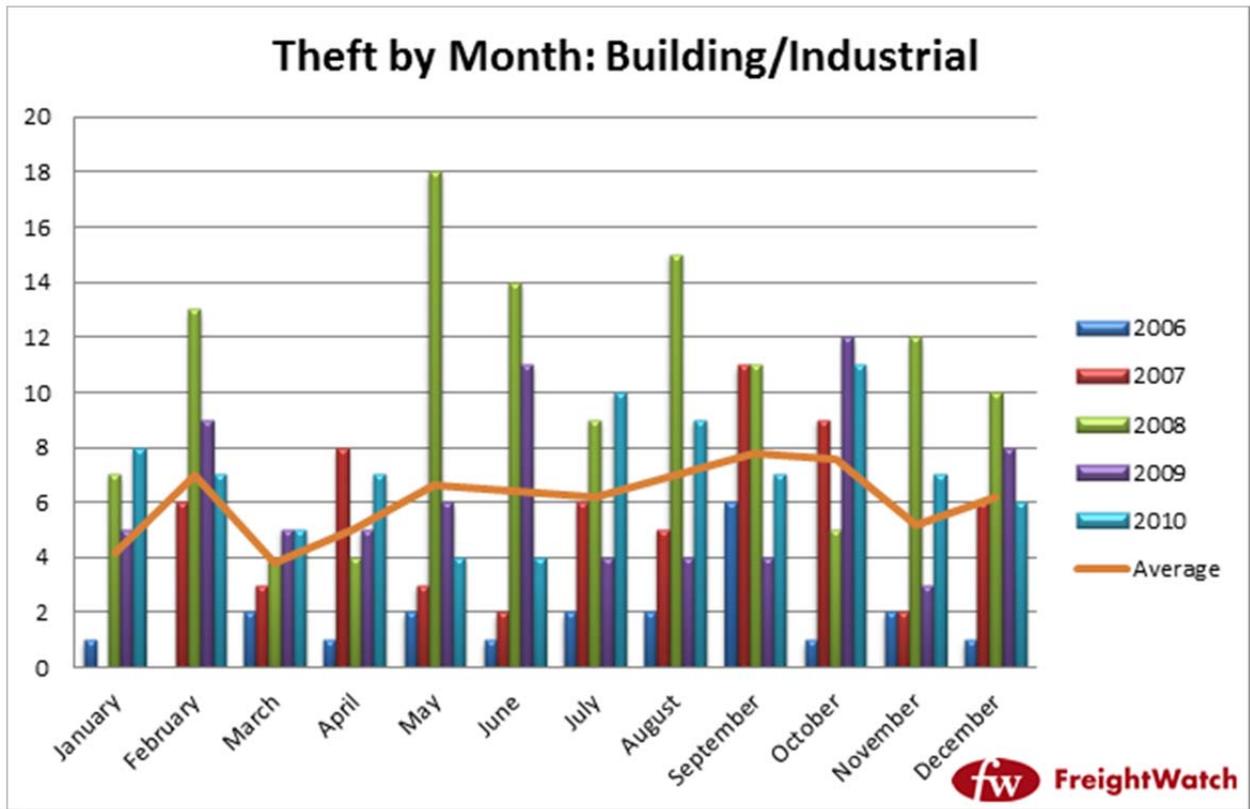


## Building/Industrial & Metals

The Building/Industrial product type was hit the hardest in 2008, with 122 theft incidents. Although 2009 and 2010 had a noticeably lower rate of theft incidents in this category, the average loss increased substantially from 2009 to 2010, largely due to dramatic increases in the price of metals such as copper.



When examining thefts in this industry by month and year, the extreme level of incidents during summer of 2008 is quite apparent. When looking at the last five years by combined month totals, however, September and October emerge as the months with the highest rates of theft. While the high rate in October is consistent with cargo theft in general, September's high rate runs counter to overall cargo theft, as September is traditionally one of the months with lower cargo theft activity.



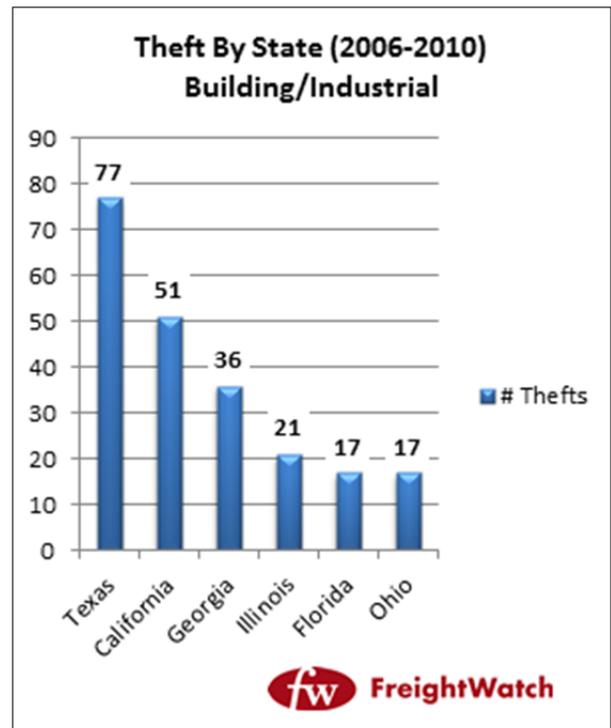
Texas accounted for the majority of thefts in the Building/Industrial product type, with 77 incidents over the past five years. California was second with 51 and Georgia third with 36.

Of the thefts that occurred in Texas, Dallas/Fort Worth and Houston were the primary areas for theft activity, with 30 and 29 thefts, respectively, (78% of the total).

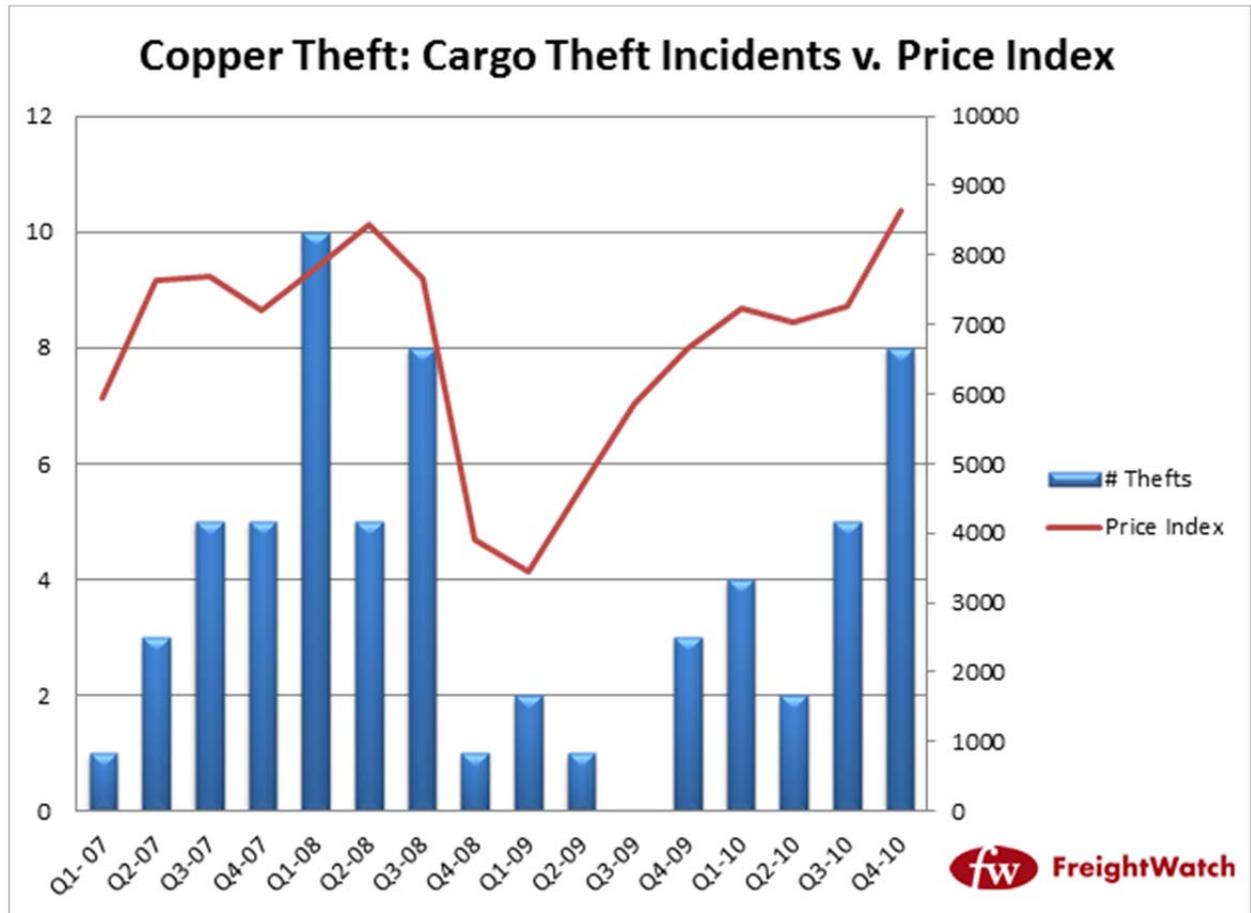
In California, Los Angeles County accounted for 25 of the 51 thefts (49%) in the Building/Industrial product type.

### Metals

When assessing thefts of metals, FreightWatch found a direct correlation between the price of



the metals and their rate of theft. The following chart illustrates the number of cargo thefts involving copper per quarter in comparison with the index price of copper at the time.



Armed with the knowledge that price increases and rising demand will make certain product types more appealing to cargo theft gangs, shippers can be better prepared to take measures to mitigate losses.

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