



# LAW ENFORCEMENT RESPONSE TO STRATEGIC THEFT



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# OBJECTIVES

- Identify the emerging trend of strategic theft and how law enforcement can respond
- Identify the need for partnership across the supply chain to assist with the battle against strategic theft
- Identify the foundations of planning for if/when a strategic theft happens



# STRATEGIC THEFT OVERVIEW

- Complicated
- Unpredictable
- Hard to prosecute
- Not subject to one jurisdiction, state or even country
- According to KSP record keeping it is up **\* 7 million percent\*** - subject to change



# KENTUCKY STATE POLICE RESPONSE

- Since first reported we have strived to educate ourselves on the methodology and elements that make up a strategic theft
- We have studied our Kentucky Revised Statutes to understand proper case reporting
- Vehicle Investigations has been a clearinghouse of sorts for other state and local agencies to lean on when something like this happens
- Develop strong relationships with the supply chain industry to assist when needed
- No one out networks us



# CRIMINAL ELEMENTS OF STRATEGIC THEFT

- Identity Theft
- Electronic Crimes
- Fraud
- Forgery



# OUTLINE OF A THEFT

- Identity theft occurs when load is being procured
- A broker believes they are hiring a carrier who in turn becomes another entity and double brokers the load
- A victim carrier is assigned with the shipment
- It is redirected , possibly multiple times
- Cross docks are utilized throughout the route to further the fraud



# SCENARIO 1

- Bad actor inserts themselves as a carrier and transforms themselves to broker to redirect shipment
- They make a fraudulent BOL to supply to a victim carrier
- Victim Carrier is sent to a delivery spot completely different from the origin
- Carrier may or may not get paid
- This has been the most common recently



## SCENARIO 2

- Bad actor assume the identity of a carrier
- They utilize their own equipment to pick up the shipment
- Often will do these in sprees before the fraud is uncovered





# WHO'S THE VICTIM?

- In short, everyone but the bad actor
- Shipper faces reputation problems, loss of product, or they themselves arranged with bad actor
- Brokers face a loss to the shipper, forced to file claims
- Insurance Companies forced to pay out
- Crossdocks miss out on payments or are paid with fraudulent Zelle, Venmo, ETC
- Victim Carrier not paid for the load, labeled as bad actors when in turn they are unaware of what is happening



# WHAT'S BEING TARGETED?

- Nothing is safe
- Most common in Kentucky is copper, alcohol, electronics
- No hot spot reporting, non-traditional cargo theft victims



# STRATEGIC THEFT HURDLES

- Timely Reporting
- Jurisdiction
- Confusion
- Volume



# HISTORY OF STRATEGIC THEFT IN KENTUCKY

- 2014-2022 KSP documented four investigations of fictitious pick-ups
- Two investigations linked with GBI and Illinois State Police
- Joint effort with the agencies secured Federal Indictments out of Louisville, KY and prison sentences for two Eastern European individuals



# HISTORY OF STRATEGIC THEFT IN KENTUCKY

- Primary target was alcohol
- Pure Identity theft methodology



# NEW WAVE OF THEFT

- Superbowl Sunday was first reported case to KSP
- Steady reporting through August
- The first week of September we received 9 reports in 5 days in multiple locations throughout Kentucky
- Including straight cargo theft, the two of us have been full time cargo theft investigators since December 2021
- 24 Total Active Investigations



# POWER OF A NETWORK

- Strategic theft crosses jurisdictions, laws and boundaries of traditional theft in general
- Law enforcement leans heavily on supply chain professionals including shippers, brokers, insurance companies private investigators and intelligence outlets
- A strong network will result in a much quicker response and chance for a recovery
- Networks aren't built overnight so it is critical to utilize associations such as TAPA and cultivate strong relationships



# BUILDING THE NETWORK IN PRACTICE

- May 2022 at TAPA T<sub>1</sub> in Memphis was introduced to CHP Investigator Gil Gasco and other law enforcement professionals
- Cemented that through more contact at the 2022 Travelers / CargoNet Conference .2023 T<sub>2</sub> in Dallas
- We would routinely communicate about investigations



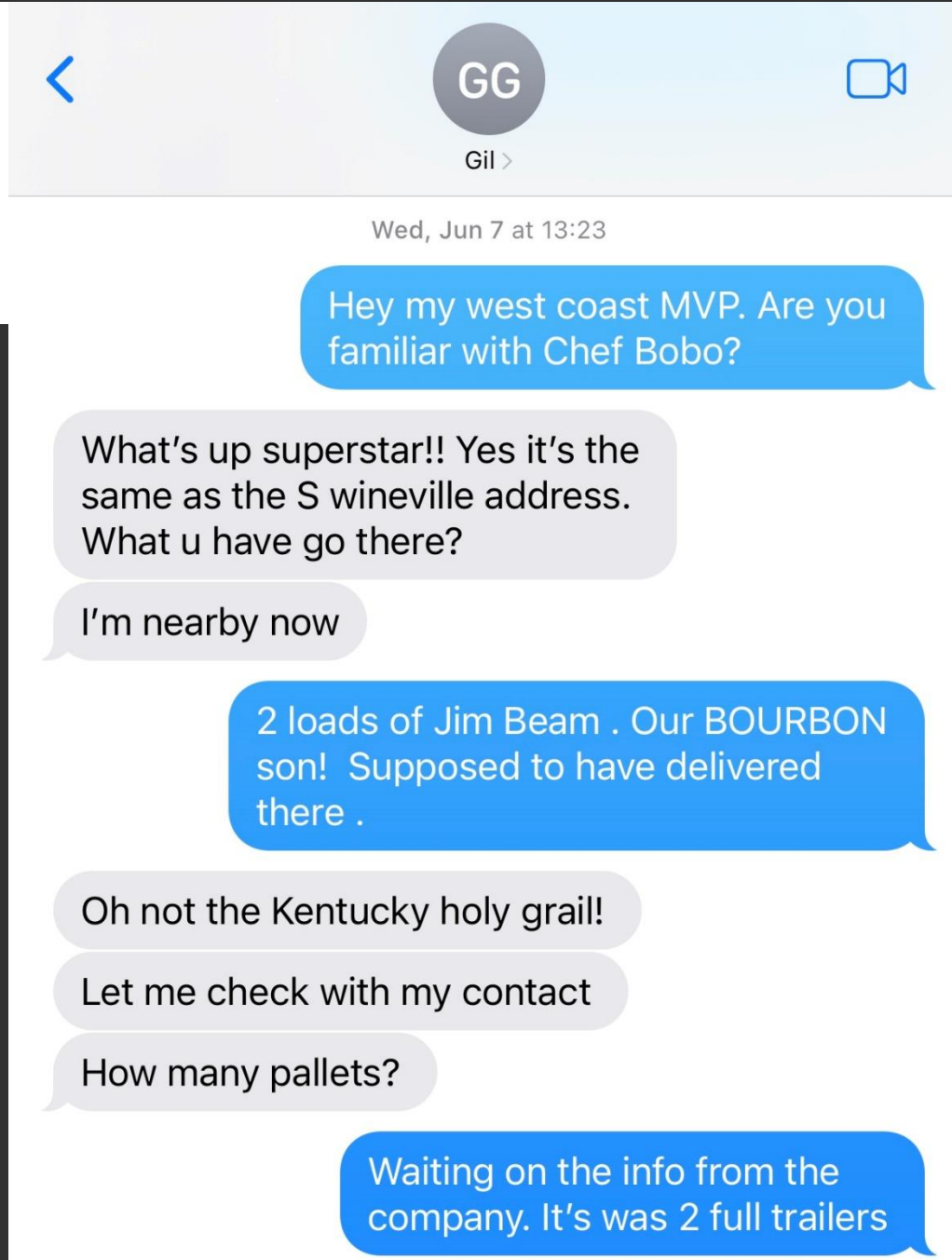


# NETWORK SUCCESS

- KSP Post 12 called with turned out to be a strategic theft from Frankfort KY of alcohol at 1:08 PM.
- We contacted the victim at 1:10 PM and was advised the shipment was redirected from original destination in Florida to Ontario, CA and believed to have been delivered at a specific warehouse.
- At 1:23 PM we text Gil Gasko to see if anyone was near the area



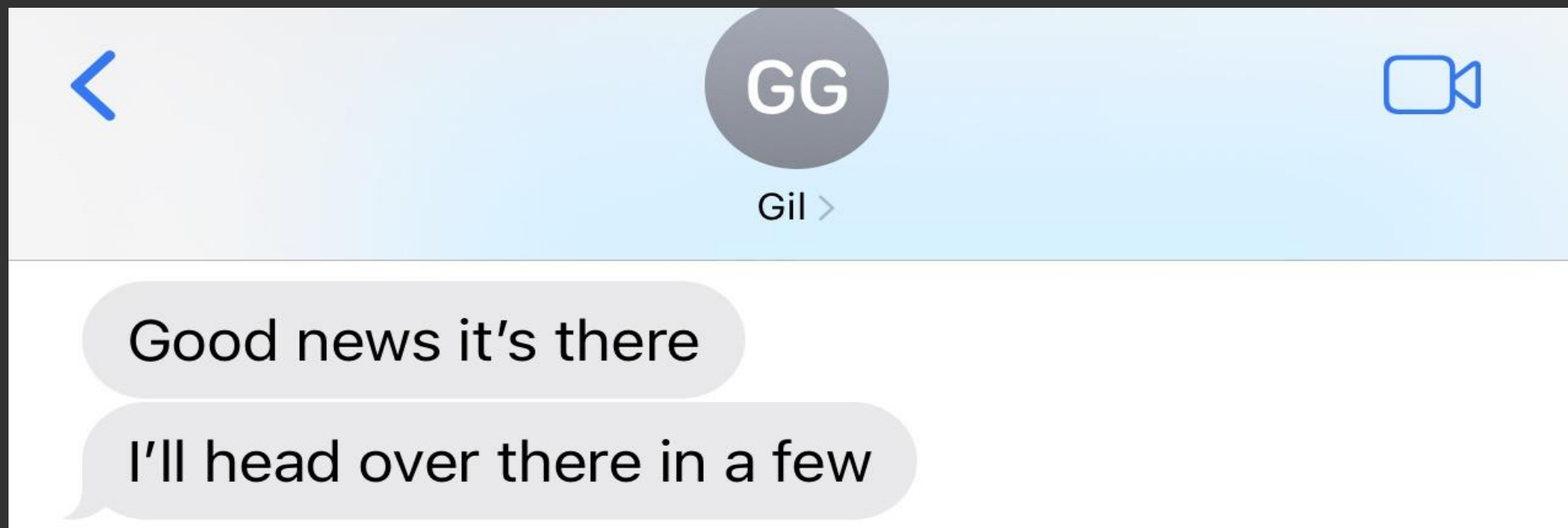
**TAPA** AMERICAS  
Transported Asset Protection Association





# NETWORK SUCCESS

- Investigator Gasco was in the area and familiar with the location
- He contacted the warehouse who confirmed the product was indeed there







# NETWORK SUCCESS





# NETWORK SUCCESS

- From initial reporting in Kentucky to a full recovery in California , over 2000 miles away, it took only 20 minutes
- The relationship was formed over a year prior
- We were able to get the product to a new carrier to deliver to the original origin



# RELATIONSHIPS 101

- As theft have become more frequent we have managed to build a list of contacts for certain shippers, brokers and carriers
- We received a call from a broker reporting that a shipment of alcohol had not been delivered and he believed it to be fraud
- We contacted the shipper to ask if they were aware or had any information
- The shipper had received an email that they had dismissed from the victim carrier questioning the load , they were able to forward to us
- We contacted the carrier and broker and two loads were sent back on track to the original destination





# KSP & LAPD CONNECTION

- A trailer of alcohol was redirected from Kentucky
- The insured had hired a private investigator who contacted KSP for a police report
- Victim carrier advised where he had taken the load to , without payment
- Surveillance footage was obtained, the shipment was too large and a U-Haul was rented.
- We obtained information from the storage facility as well as the U-Haul rental location



# KSP & LAPD CONNECTION

- Contact was made with HSI in California who helped gather evidence
- Connection was made with LAPD
- LAPD conducted their own investigation
- A search warrant was obtained
- Several items located, including cases of alcohol which were identified to be stolen by the victim shipper
- LAPD located weapons and stolen property
- One subject was arrested





# KSP AND MIDWEST CARGO COUNCIL

- Several thefts of copper had been reported
- A carrier advised that multiple shipments had went to a location near Chicago
- Looking for a local contact, we called Kyle Brady, President of the Midwest Cargo Theft Council
- Kyle contacted local law enforcement and planned to gather the information we asked for at the crossdock
- Kyle along with HSI and local authorities recovered one of the stolen shipments and were prepared to help further
- A recovery and valuable investigative leads were produced



# HOW WE WORK, WHAT WE NEED

- We will gladly take your report but we will be very precise on what we need
- Identify someone who can work with us to answer questions
- We will ask for pictures, video, email communication, phone numbers and other information that help us identify where the fraud has happened
- We will ask that you stay active with us throughout the investigation as we go down the rabbit holes



# THE BATTLE RAGES ON

- We continue to receive reports both directly and indirectly all across Kentucky
- Several agencies have begun documenting these incidents
- We have secured Federal partners including FBI and HSI
- Our cases remain open



# PLAN FOR THE STORM

- The industry has become well aware of strategic theft and even if you haven't been a victim it is imperative to know how to handle an incident
- Develop your network to include anyone who may touch a piece of this process
- Be curious of everything and vet your process. Stress test it if possible



# PLAN FOR THE STORM

- Know who to call – Know your LE contacts
- Have a an outline of what to do if a recovery is made
- Get involved. Cargo Theft Councils, Networking Events, TAPA membership, CargoNet



# WHO YA'LL GONNA CALL

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# QUESTIONS



**THANK YOU**