Security Breaches & Internal Conspiracies

U.S. Customs and Border Protection

Workshop Objectives

- Internal Conspiracy Case Studies
- Effective Preventive Measures
- Internal Conspiracies Defined
- Internal Conspiracy Indicators
- Best Practices

Case Study #1

- Information received that drug trafficking organization (DTO) has built hidden compartments within the structures of multiple trailers to smuggle narcotics across the Canadian/ United States border.
- Trailers are loaded with narcotics prior to arriving at foreign manufacturer/ consolidator facility.
- Trailer inspections are conducted, cargo is loaded and a high security seal is affixed to the trailer door.
- Trailer shipments are monitored by the transport company via GPS and cell phone communication with the drivers.

Case Study #1

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Case Study #1

- Possible conspirators:
  - Transport company/ employee
  - Driver
  - Foreign manufacturer/ consolidator employee(s)
  - All of the above
- What preventive measures can a company implement to minimize this type of security breach?

Preventive Measures

- Conduct a comprehensive risk assessment of the company's international supply chain. Based upon a documented risk assessment process, non-C-TPAT business partners must be subject to verification of compliance with security criteria.
- Conduct on-site visits of service providers' facilities to verify security measures.
- For those business partners eligible for C-TPAT certification the company must have documentation indicating whether these service providers are or are not C-TPAT certified (monitor SVI number, AEO certificate, ISO 28000, etc.).
- Request drivers that have been issued a Free and Secure Trade (FAST) licenses. These drivers go through additional scrutiny by CBP.

Case Study #2

- Container/ trailer locking mechanisms are attacked prior to arriving at foreign manufacturer facility.
- Container/ trailer inspections are conducted and documented at export warehouse.
- A high security seal is affixed to the container/ trailer door by an authorized company employee.
- Upon exiting the facility, shipment documents and affixed seal are verified by a security guard at the main gate.
- Container/ trailer shipments are tracked by the carrier via on-line website, GPS and cell phone communication with the drivers.

Case Study #2

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Case Study #2

- Possible conspirators:
  - Driver
  - Foreign manufacturer employee conducting container/ trailer inspections
  - Security guard(s)
  - All of the above
- What preventive measures can a company implement to minimize this type of security breach?

Preventive Measures

- Obligate carriers to provide containers/ trailers that have been inspected (7-point container inspection) and are free from security vulnerabilities.
- Conduct on-site visits of carriers' facilities to verify how container/ trailer inspections are conducted.
- Provide container/ trailer inspection training to specific individuals throughout the company's supply chain. (carrier, warehouse employees, security guards, etc.)
- Confirm hiring practices of security company providing guards. Make sure hiring practices are in line with foreign manufacturer requirements.
- Verify how container/ trailers are tracked by carriers' monitoring systems. Are notification alerts active. (on-line tracking, e-mails, GPS, Geo-fencing, etc.)

Internal Conspiracies

- Supply chain security is the responsibility of all C-TPAT certified companies from point of origin through point of distribution.
- Look at the entire supply chain as one security system NOT segmented with different layers of responsibility.
- Establish checks and balances.
- Verify all business partners and conduct documented on-site security verifications.
- Demand contractual obligations regarding established security practices.
- How can security vulnerabilities/ deficiencies be found if they are not being searched for?

Internal Conspiracies

- Definition - when **people** work **together** by agreeing to commit a crime, fraud, or other wrongful act. A conspiracy may exist when the parties use legal means to accomplish an illegal result, or to use illegal means to achieve something that is unlawful.
- Money is the main motivator for the internal conspirator. For relatively "easy" work (removal, delivery, lookout) the reward is substantial.

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Internal Conspiracies

Average price of illegal narcotics:

- Marijuana - $500 to $1,000 per pound

  (Canadian marijuana can be 300%-600% more expensive)
- Cocaine - $15,000 to $21,000 per kilo
- Heroin - $30,000 to $40,000 per kilo
- Transportation costs, drug purity & risk of being captured are some factors that are calculated into the price.
- Global revenue from illegal drug market: **300 - 350 billion**
- Proceeds of illegal drug trafficking are used to fund additional criminal acts like terrorism, purchases of unauthorized weapons/ ammo & human smuggling.

Internal Conspiracies

- Terrorists may use the same techniques that narcotic smugglers use or hire a DTO to smuggle for them!!!
- Risk of capture may be minimal due to:
  - High volume of container traffic not inspected/ scrutinized by Law Enforcement (lack of manpower).
  - Corrupted security personnel throughout the supply chain. Lookout – "I didn't see or know nothing"
  - Company/ employees threatened and afraid of retaliation.
- Internal conspiracy is the cheapest and easiest method when attempting illicit activities….plenty of $$$ to go around.
- For legitimate businesses – imported goods and containers/ trailers are currently used as conveyances to smuggle contraband with the result being financial loss and bad publicity for the company.

Internal Conspiracies

The eight signs of terrorism:

1 - Surveillance

2 - Information Gathering

3 - Tests of Security

4 - Funding

5 - Acquiring Supplies

6 - People who don't belong

7 - Trial Run

8 - Deploying Assets

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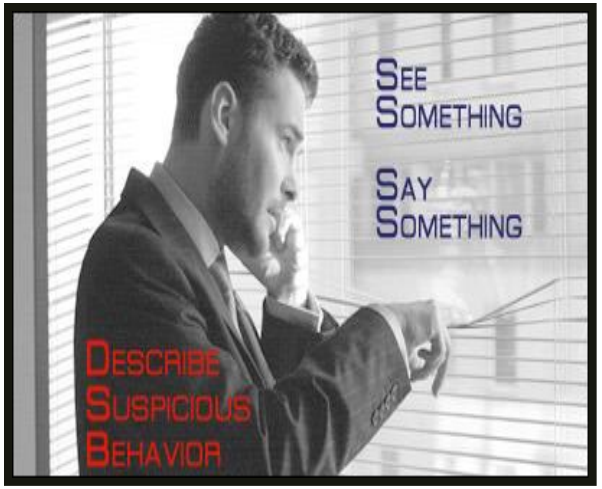
Conspiracy Indicators

- Conspirators will conduct surveillance and gather information about the facility's operations and security protocols.
- May take photographs and/or videos of the facility's physical security to include entrances, fencing, buildings, light poles and CCTV camera locations.
- Conspirators will TEST the company's security system to evaluate reaction or non-reaction times.



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Conspiracy Indicators

- Internal conspirators will seek out information about the company's security procedures. May use social engineering tools to gather information about the company and employees.
- Will ask questions on how shipment routes are monitored, GPS system works, document routing, manifests, etc.
- Cargo transit routes and stops are of particular interest.
- Access to stow plans of containerized cargo will allow for quick and easy access to introduce illegal contraband.
- Gather information on employee schedules, work habits, lunch breaks, off-duty social life, home address, etc.
- By assessing the company's probable vulnerabilities the conspirator can determine a good opportunity for the breach to occur.

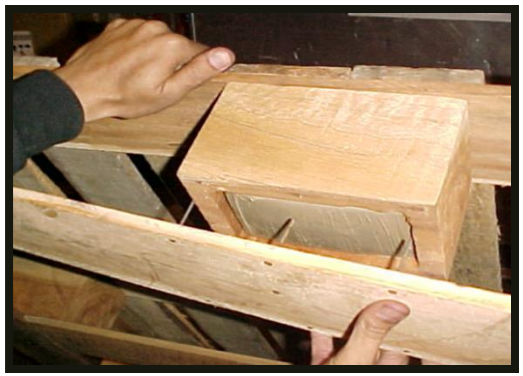
Conspiracy Indicators

Probe the company's security (Trial Run):

- May show up to work on day off
- Enter restricted and/or unauthorized areas without proper access/identification
- Enter the shipping warehouse with unauthorized personal items (backpacks, laptops, smart phones, etc.)
- Activate alarms and check for reaction time
- Change work schedule to evaluate security at another time
- May ship an un-related item with legitimate cargo
- Entering false information in the documents such as a bogus address, name, "fictitious" company, etc.
- Attempting to pick-up cargo without appropriate documentation and identification
- Drivers may stray off the authorized route to test GPS geo-fencing
- Planned delays during transport to **TIME** the company's response
- Unique markings/ tape on legitimate cargo boxes/ pallets

Conspiracy Indicators

- Acquiring company equipment:
  - Company uniforms, identification, access cards, keys & alarm codes to enter sensitive areas
  - Report company items lost or stolen in order to duplicate
  - Stolen high-security seals and/ or disposed cut seals
  - Obtaining company boxes/ crates/ pallets conceal the contraband
- All company personnel (not only security guards) should be on the lookout for suspicious people/ activity occurring around the facility!!!
- Train company employees to challenge and report unauthorized individuals to management/ security personnel.



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Best Practices

- Reporting suspicious activities for employees:
  - Phone numbers posted throughout facility (security guards, supervisors, local law enforcement, etc.)
  - Awareness posters on what to do and who to contact
  - Anonymous Hotline
  - Incentives (recognition, award, monetary, etc.)
- Reporting supply chain security incidents for company:
  - Establish a reporting “calling tree”
  - Company corporate security department
  - Foreign government agencies/ law enforcement
  - CBP at Ports of Entry (POE) http://www.cbp.gov/contact/ports
  - C-TPAT/ Supply Chain Security Specialist (**important**)

Best Practices

- Conduct tests of security protocols - facility/ supply chain:
  - Access sensitive areas to see if confronted
  - Set off alarms and check for response time
  - Place suspicious backpack/ package inside facility to see if it is reported.
  - Turn off CCTV cameras and exterior lights to see if they are appropriately reported for repair.
  - Create incorrect shipping documents (packing list, bill of lading, etc.) and see if they are questioned prior to loading.
  - Apply wrong seal on container/ trailer and see if security guard verifies the seal number for accuracy before exiting the facility.
  - Escort shipment after exiting & see where it goes.

Best Practices

- Create a supply chain security team:
  - Meet with local law enforcement entities
  - Work with other companies in the same area/ industry
  - Periodic meetings to discuss security issues facing the company & possible improvements that can be made.
- Perform in-depth background checks for new employees to include social economic reviews. Periodic background checks should be conducted for vested employees especially if there is a change in duties or for cause.
- Establish property checklist for company items that are issued to employees upon being hired. Items like access badges, keys, uniforms, laptops & credit cards should be listed on the checklist. The checklist should be used to collect all items when the employee leaves the company.
- **TRAINING** (what to look for, challenging, reporting, etc.)

Summary

- Internal conspiracies are real & can happen at your company
- Financial gain is the main motivator for internal conspirators
- Establish robust security protocols (preventive measures) to minimize internal conspiracies/ security breaches at facility.
- Train company personnel to look for and properly report internal conspiracy indicators/ eight signs of terrorism.
- Regularly test security system(s) and establish corrective actions for vulnerabilities that are found.
- Incorporate security best practices throughout company's supply chain.

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