

'Insider Job' - The Culprit to Cargo Crime in Malaysia

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Honeywell

- Insider threats exist within many organizations where employees (insiders) collude with criminal outside the organization to commit crime.
- Insiders have access to sensitive and proprietary classified data or information; when disclosed can cause severe damage to their organization
- As cargo theft rates continue to rise in Malaysia, insider jobs appear to be establishing continuing.
- Cargo theft is a nationwide issue with a significant impact to Malaysia economy.
- Studies indicate that most of cargo thefts in Malaysia are 'insider jobs' and they act alone or in group to collaborate with cargo thieves.

Why cargo crime?

- Cargo thieves are becoming more strategic about how they strike. A thriving black market keeps cargo thieves in business—to the detriment of the global economy.
- In today's global economy, raw materials manufacturing and sourcing often occurs in one part of the world, while the finished product is warehoused and consumed in another.
- Cargo thieves are becoming very professional and work in highly organized groups.

How cargo criminals operate?

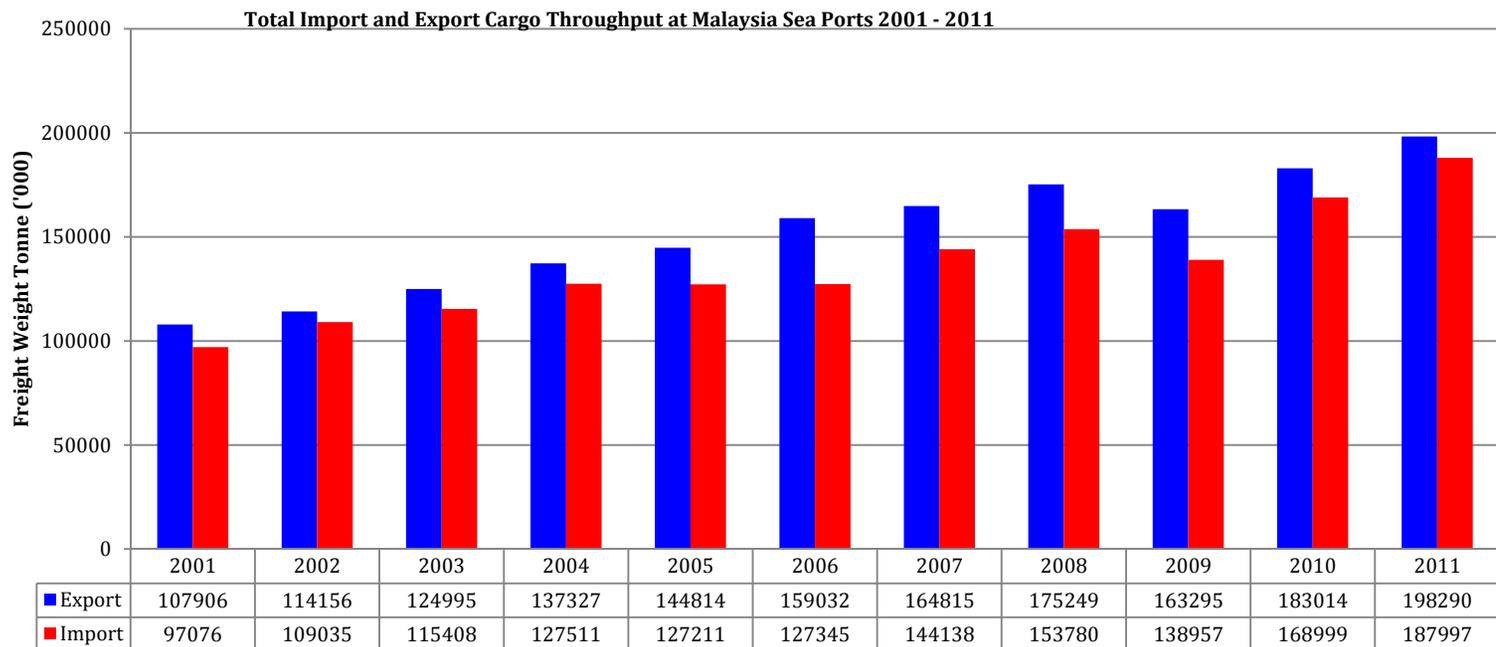
- Cargo thieves used sophisticated operations with well organized hierarchies of leadership.
- They employ specialists who can carry out different tasks and responsibilities including thieves and brokers or fences that help upload the stolen goods.
- The fences also work with drivers in transferring the stolen goods on the black market.
- Sometimes foreign laborers were used to move the goods and work with drivers in transporting the stolen merchandise from the docks.

How cargo criminal operate?

- The cargoes stolen will be disposed through fences for local market and sometimes the cargoes are taken out of the country in a very short time to avoid being detected by the Police.
- There are many cases especially cargo of electronics and high technology products were hijacked in Malaysia and found in the black market overseas the next day.

Cargo Growth in Malaysia

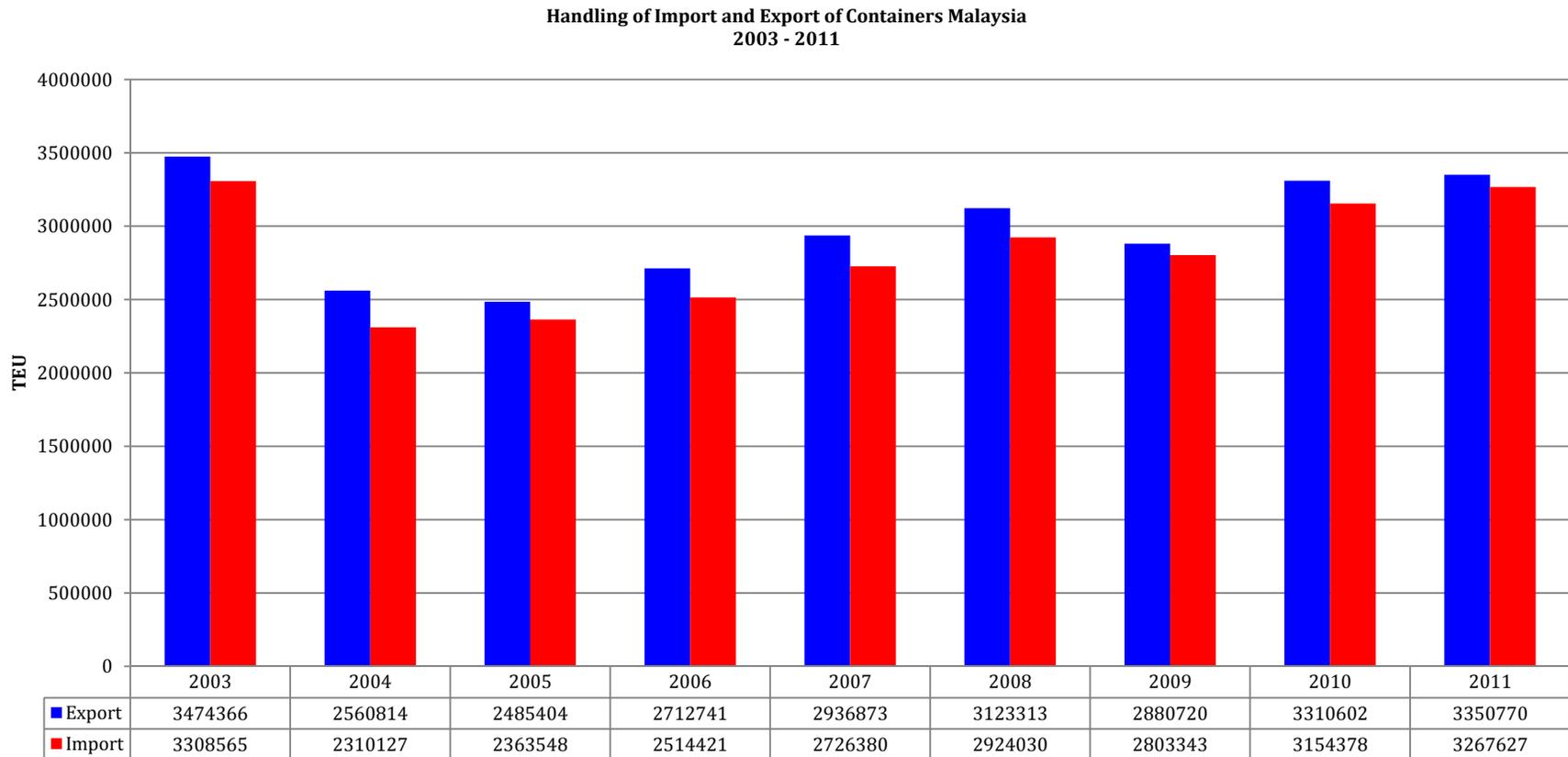
Figure 1 shows the growth of export in Malaysia continues to grow from year to year except in 2009 where economy downturn affected the growth in airports sector



*Figure 1: Mail movements at all Malaysian airports
Source: Statistics from Malaysia Ministry of Transportation*

Cargo Growth in Malaysia

Figure 2 shows the growth of export in Malaysia continues to grow from year to year except in 2009 where economy downturn affected the growth in airports sector



*Figure 2: Cargo movement at all Malaysians seaports
Source: Statistics from Malaysia Ministry of Transportation*

Cargo crime statistics in Malaysia

Figure 3 shows the statistic of cargo crime in Malaysia and this figure is retrieved from reliable source as the Police department was not able to share this statistics due to confidentiality of the information. Although the trend of cargo crime is on the decline in recent years, the economic impact is still massive and the cost of cargo thefts runs into the millions. Generally the trend of cargo crime has been decreasing from year to year

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011
Hijack	64	95	162	223	164	93	36	42	12
Warehouse Robbery	96	58	50	69	59	65	19	10	6
Warehouse Break-in	200	12	4	32	2	5	1	1	0
Theft of Laden Truck	30	17	11	33	20	19	9	7	3
Total cases	390	182	227	357	245	182	65	60	21

Figure 3 Malaysia Cargo Crime Statistics by Type
Source: Retrieved from reliable source.

Cargo Crime related to 'Insiders Job'

Cargo crimes have been reported quite frequently in Malaysia from time to time. A snapshot view of some of the reported cargo crime cases related to insider job in Malaysia as below:

- April 24th 2014 – Police believe the pirates who attacked the Singapore owned oil tanker Naninwa Maru No. 1 in the Straits of Malacca near Pulau Ketam on Tuesday April 22nd 2014 may have had “inside help”.
- December 22nd, 2013 - Case of “hijack on the road” happened saw thieves escaping with RM800,000 worth of microchips after driving off with a lorry in the Free Industrial Zone in Bayan Lepas Penang, Malaysia

Cargo Crime related to 'Insiders Job'

- October 20th, 2012 - Malaysian police arrested 12 people for the theft of some 1,400 Samsung Galaxy Note 2 devices worth a total 3.23 million ringgit (US\$1.05 million), which took place just a day after the product became available in the country.
- October 2nd, 2012 - Nine individual plead not guilty at Session Court Butterworth after being charged for stealing 268 cartons computer microprocessor (CPU) worth RM22 million from Perai Industrial Zone

Cargo Crime related to 'Insiders Job'

- July 7th, 2012 - A trailer carrying a cargo of soft drinks that was reported stolen in Penang was stopped at Bidor, more than 70km south of here.
- *October 19th, 2011* - Penang police have detained three suspects in connection with the microchip robbery worth hundreds of thousands from a Cargo Terminal at the Bayan Lepas International Airport in Penang.
- September 21st, 2011 - A container loaded with computers worth about RM2mil was hijacked by a group of armed men near the Putra Heights toll plaza.

Cargo Crime related to 'Insiders Job'

- February 11th, 2011 - It was mid-afternoon one day when workers at a factory in the Malaysian state of Perak finished loading more than 700,000 condoms into a shipping container.
- September 29th, 2010 - Police suspected it was an inside job where RM4 million hard disk heist at KLIA cargo terminal in 2010.

- Research conducted by Zulaikha, Harlina, Jaafar & Jamaluddin (2013) revealed that in most cases of the cargo crime committed in Malaysia was due to insider job.
 - The cargo crimes are committed at various sites such as seaport, airport, freight forwarder and manufacturer premises.
 - The criminal mostly target high value shipments such as electronics, drug and pharmaceutical, cars and latex products.

- Many times, global economic crisis has increased worldwide demand for black market goods. In the United States, where an estimated \$30 billion in cargo is stolen annually, cargo thieves are sophisticated, organized, and, generally, not home-grown (Palmer, 2010).

- A range of new cargo theft tactics are being deployed to help thieves take better control and thus mitigate the risks of the crimes they are trying to commit, according to experts with insurance provider Travelers in an interview with Fleet Owner, Sam Rizzitelli, national director for transportation at Traveler Inland Marine division (Kilcarr, 2013).
- Cargo theft has been estimated between \$30 and \$50 billion annually and organized retail crime is responsible for nearly half of these losses (Mayhew, 2010).
- Insurance and law enforcement agencies believe the majority of cargo thefts involve current or former-employees (Russel, 2000).

- Collusion occurs between current or former employees who are familiar with a company's internal systems and procedures and shipping vendors to commit the cargo crime (Walter, 2009).
 - Sensitive information such as shipping manifests, schedules, and routes are disclosed to an individual or a crime ring.
 - This information is used to plan and coordinate the theft.

- Research on cargo crime was conducted by Europol in Europe as most of the cargo and/or truck seems to be stolen 'to order'. The circumstances of the theft, at least, suggest some 'inside information', the criminal act seems to be organized by a semi-professional entity (Europol, 2009).

- In the retail business, booster conspired with current or former store employees (Finklea, 2012).
 - Employee may take goods from storage rooms or receiving areas in stores and provide them directly to booster.
 - They may also help thieves by disabling store alarms, leaving doors unlocked or providing information about computer passwords, alarm codes, keys and security schedules.
 - Thieves use a variety method to get the cargo either hijack the trucks to colluding with current or former employees.

- 2010 National Retail Security Survey reports that retailers estimated about 45% or retail losses are due to employee theft (Richard & Amanda, 2010).

- The respondents are listed as in Figure 4. Those who are involved in handling cargo crimes were interviewed as they have being involved in investigation of crime cases within their company.
 - This is in done to get the feedback on ‘insider job’ from them.
 - All of them experienced that the cases involved in their company there were employees, subcontractors, security guards, warehouses staff and those handling the cargoes tends to be involved.
 - It is also very difficult to charge the criminal in court as there are lack of evidence to proof there is a insider job.

Research on Cargo Crime in Malaysia

Respondents No.	Years of experience in transportation	Position in company	Cargo theft related to 'Insider Job'
1	5 years	Security Manager	Yes
2	8 years	Security Executive	Yes
3	10 years	Regional Security Manager	Yes
4	9 years	Transport Manager	Yes
5	11 years	Security Manager	Yes
6	20 years	Security Manager	Yes
7	8 years	Security Executive	Yes
8	10 years	Regional Security Manager	Yes
9	16 years	Transport Manager	Yes
10	10 years	Security Manager	Yes
11	7 years	Security Manager	Yes
12	8 years	Security Executive	Yes
13	13 years	Regional Security Manager	Yes
14	20 years	Security Manager	Yes
15	22 years	Security Manager	Yes

Figure 4: List of respondents interviewed related to 'Insider Job'

- Insider job is the main culprit of cargo crime and research evidence revealed that hijacking cases in Malaysia are mostly insider job.
- Hijacking of trucks with cargoes is a cause of great concern as well as a burden to Malaysia economy and the transportation industries.
- Despite the highly scientific relevance, it appears that too little research especially in Malaysia; has been performed to identify factors related to the insider job in Malaysia.
- There is a need to have a better understanding as to why insider job continues to target cargo crime.

Thank you