

2012 Annual Conference

ISHC
INTERNATIONAL SOCIETY OF
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AUDIT | LOGISTICS
Freight & Warehouse Management

THE HEAT IS ON! A New World Competition

100 Yard Dash - Logistics
Darlene Henke, ISHC
President, Audit Logistics



InterContinental Buckhead Atlanta, Georgia

September 20-23, 2012

Key Trends in Logistics

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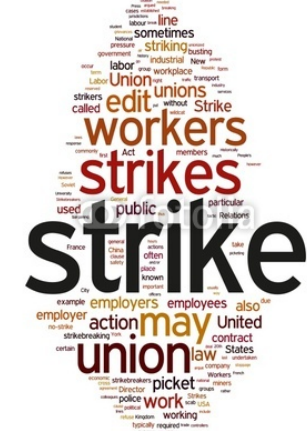
- Global Port Issues – labor and infrastructure
- Theft & Corruption – US and abroad
- US Safety Ratings & Personal Injury Lawsuits



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Global Port Issues - Labor

Port Strikes continue globally due to depressed economic conditions in most countries



Major strike in Q1 in Rotterdam – Europe’s largest container hub causing major delays throughout the country



Global Port Issues - Labor

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Port Strikes continue globally due to depressed economic conditions in most countries



South Korea – truckers port strike restricted operations in Busan known as the gateway for Korea's exporters has seen container handling go down 60% as a result



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Global Port Issues - Labor

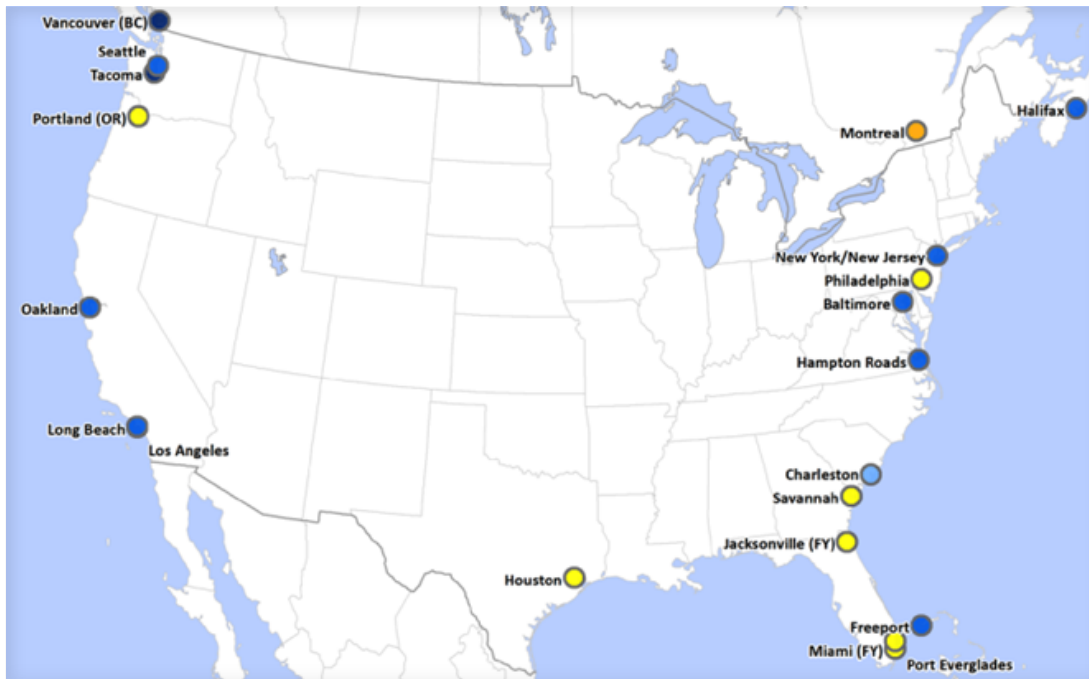
Port Strikes continue globally due to depressed economic conditions in most countries



Brazil – strikes in June this year in 7 ports around the country. More than 50% of Brazil's GDP is within the port's surroundings creating significant impact to trade and political strife.

Global Port Issues - Labor

Port Strikes continue globally due to depressed economic conditions in most countries



International Longshoreman's Union – all gulf coast and east coast US Ports 9/30 deadline. Federal agencies involved. If proceeds, retail holiday shopping season will be impacted, hurting national retail sales in an already bad economy.



Global Port Issues - Infrastructure

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Major port and channels around the world are preparing for increased trade or desperately need to.



Panama Canal has a 3rd lane being added set for completion in 2014 that will double its capacity. Originally built in 1914, an impressive 5.25B was spent on this upgrade of 100 year old locks.



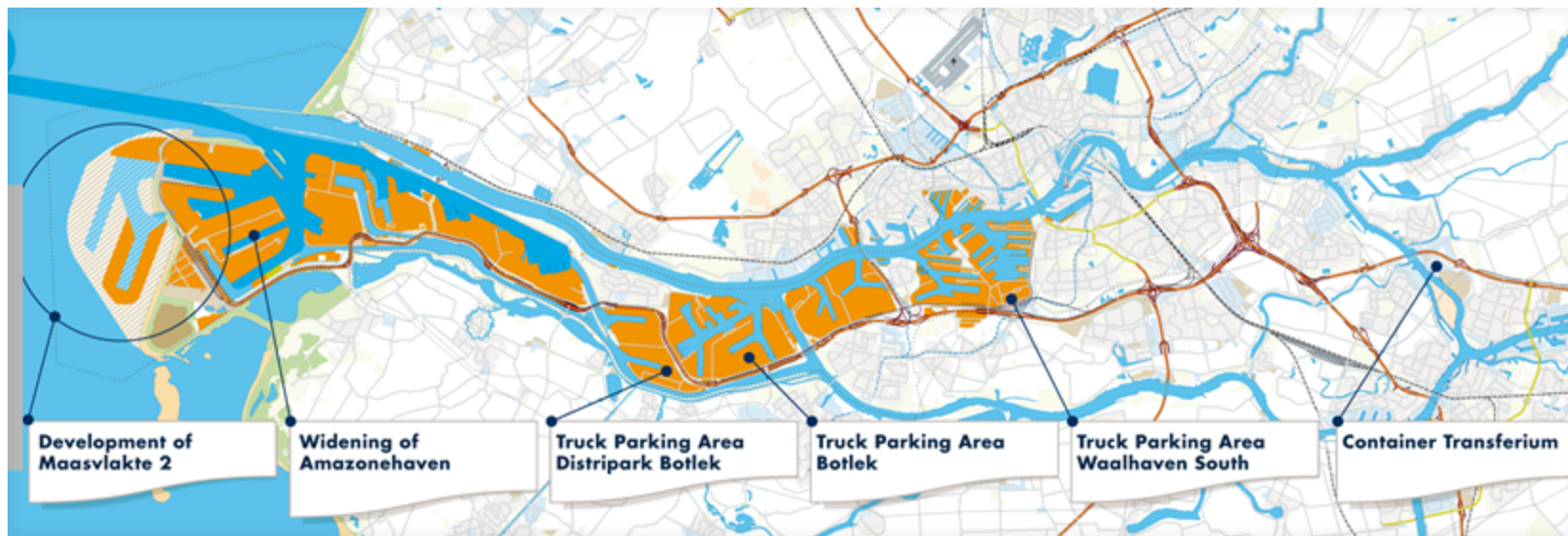
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Global Port Issues - Infrastructure

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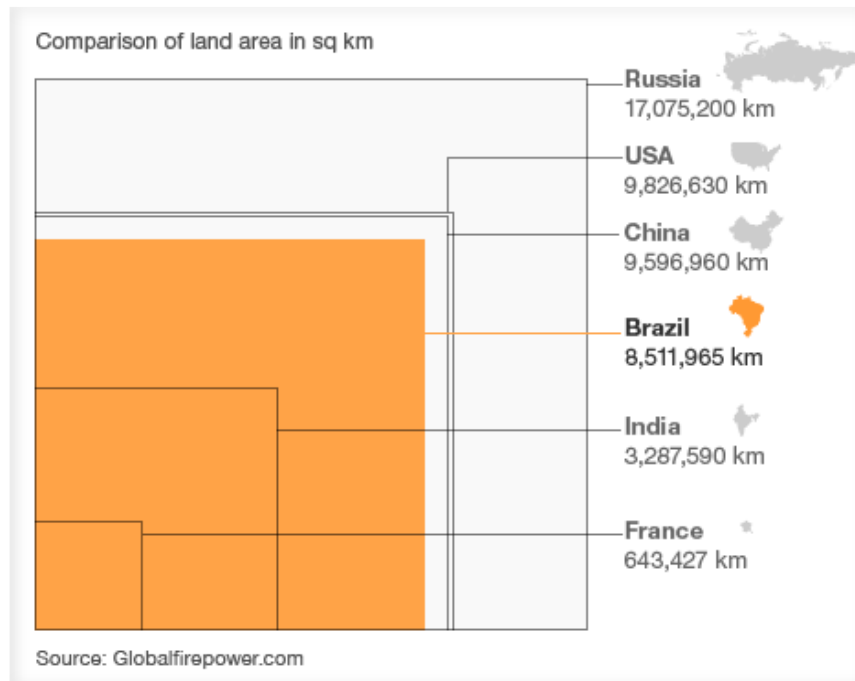
Port of Rotterdam widening its channels to allow ships to pass each other and avoid waiting times for inbound unloading. Estimated completion in 2016.



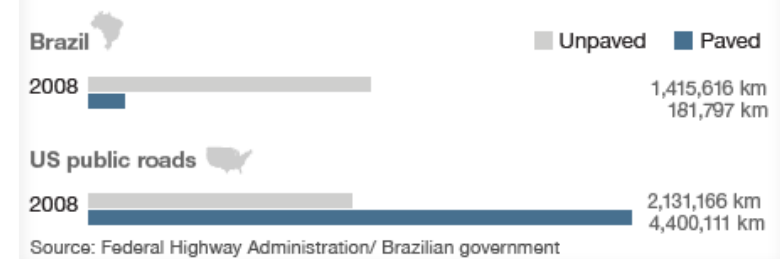
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Global Port Issues - Infrastructure

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Roads comparison, km

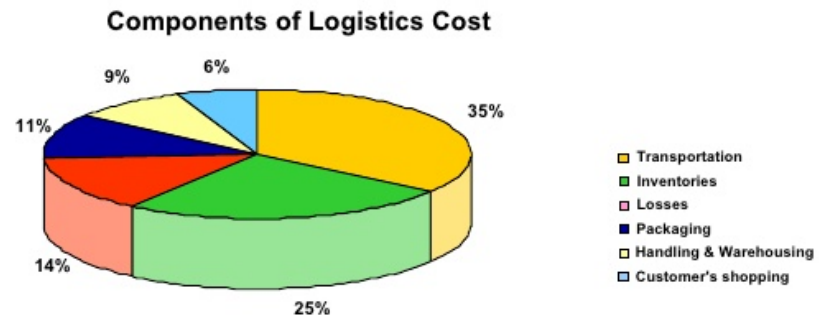


In Brazil freight depends on costly road haulage, few railroads or use of waterways. Ports and airports are congested and huge distances to cross the country are a commercial concern.



Global Port Issues - Infrastructure

Major port and channels around the world are preparing for increased trade or desperately need to.



✦ Nearly 40% (Inventory carrying costs + losses) of logistics cost is directly co-related with infrastructure.

India – overstressed power grid and daily power loss disrupts port and business operations regularly. It can take 3.5 days for a ship to unload and load in Indian ports compared to 8 hours in Hong Kong. Hong Kong port handled 22M containers last year vs. India's largest at 3.8M.

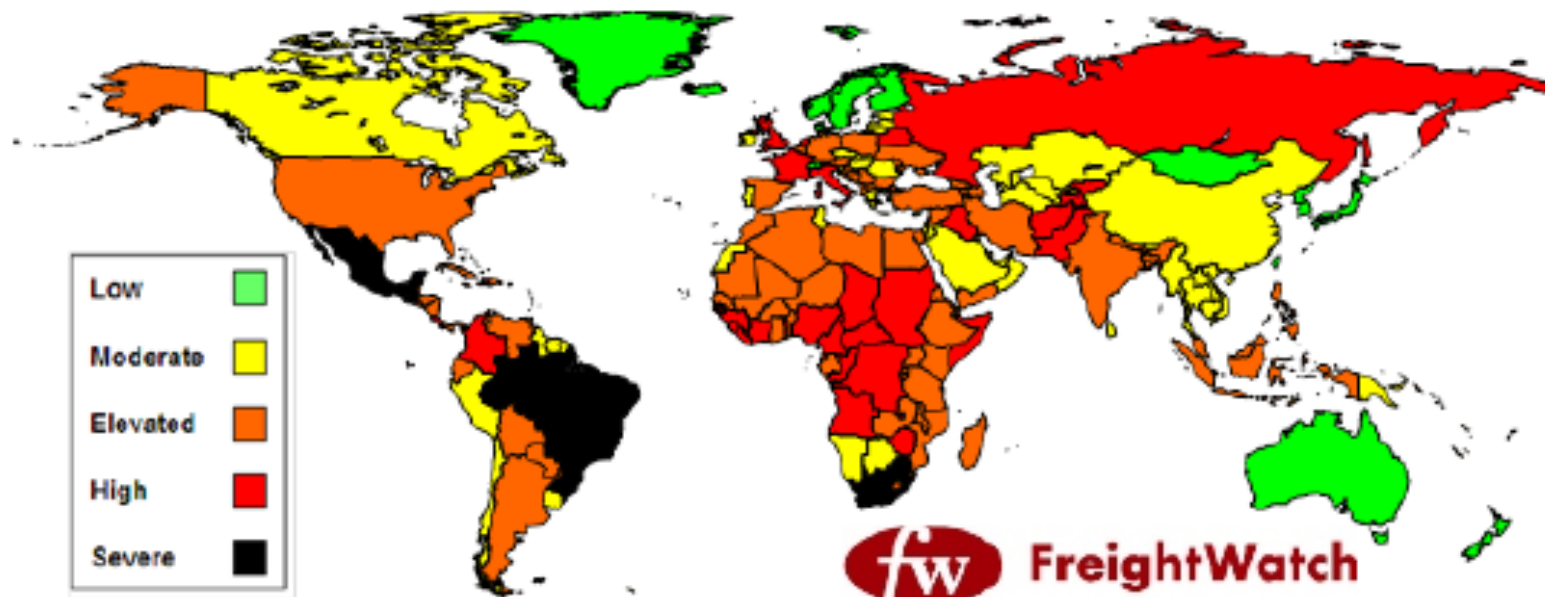


Theft & Corruption

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Global Cargo Theft Risk

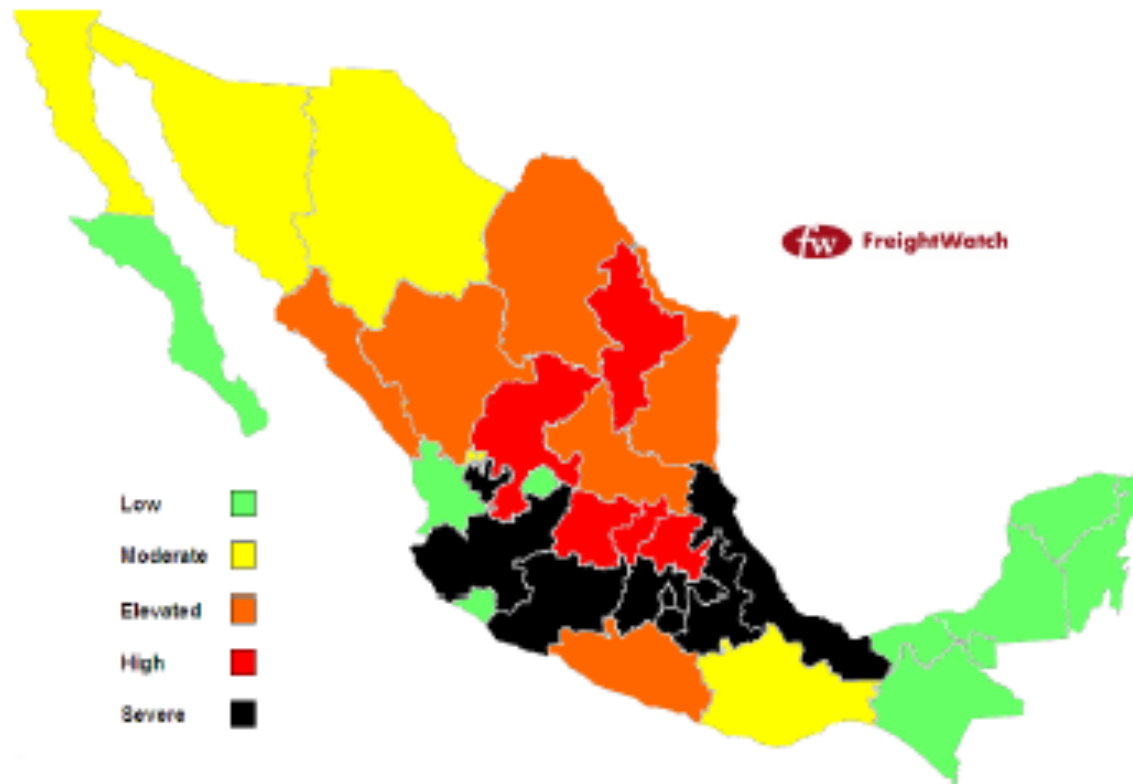


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Theft & Corruption - Mexico

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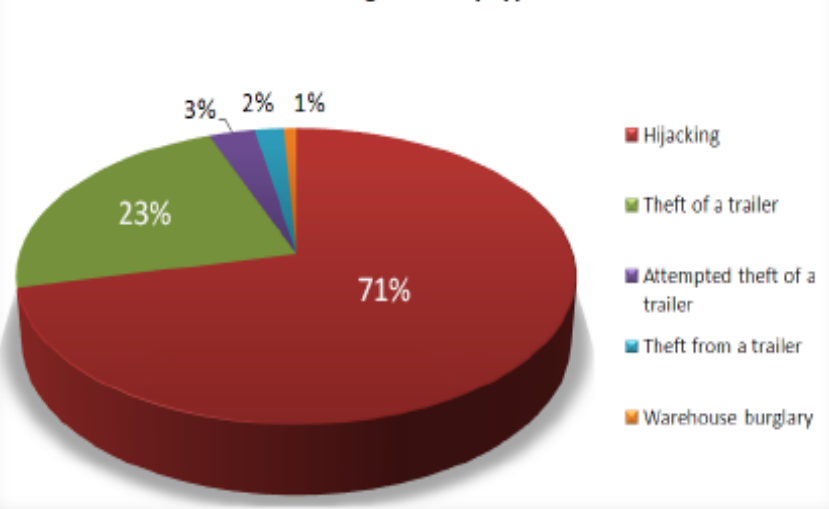
Cargo theft up 13% from 2011 - 881 cargo thefts recorded in 2012 Q1 & Q2



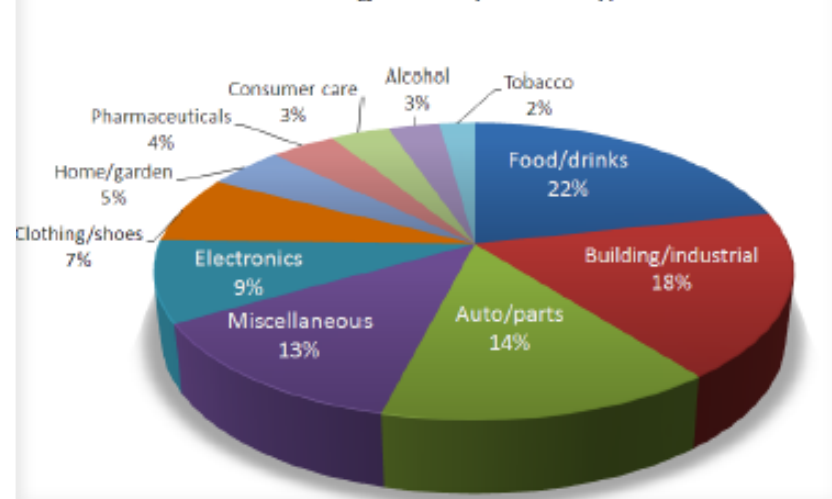
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Theft & Corruption - Mexico

Cargo Theft by Type



Cargo Theft by Product Type

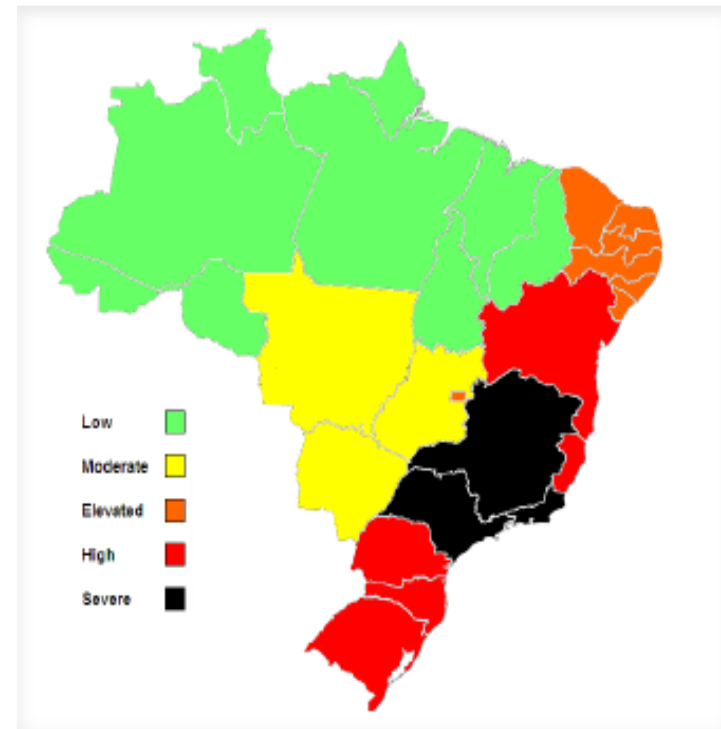


High value loads targeted – building material 2nd most popular theft
Corrupt customs agents, trucking company employees, and drug cartels
work together

Most US based insurance companies will not insure cargo, trucks, or trailers
once they enter Mexico.



Theft & Corruption - S America & Brazil

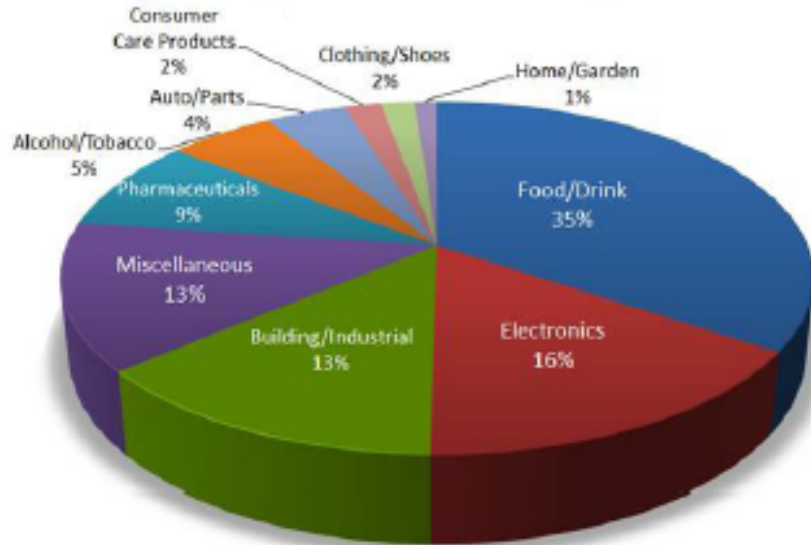


Hijackings are common in Brazil, Venezuela, Argentina & Guatemala
Southeast region of Brazil accounts for 81% of all cargo theft

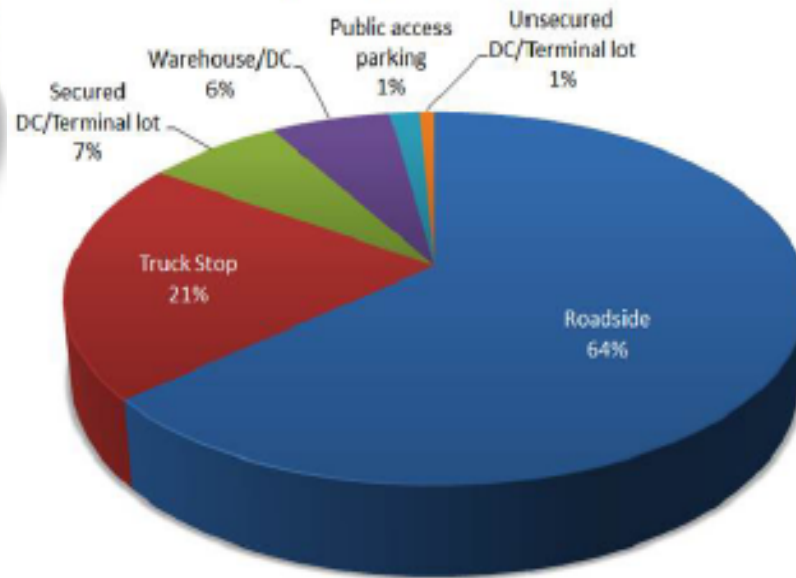


Theft & Corruption – Brazil

By Product Type: Sao Paulo State



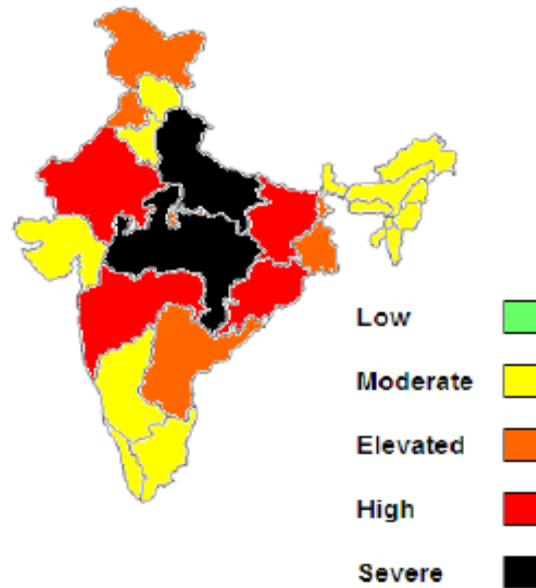
By Location: Brazil



Theft & Corruption – India

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Iron thefts are the leading thefts in this country

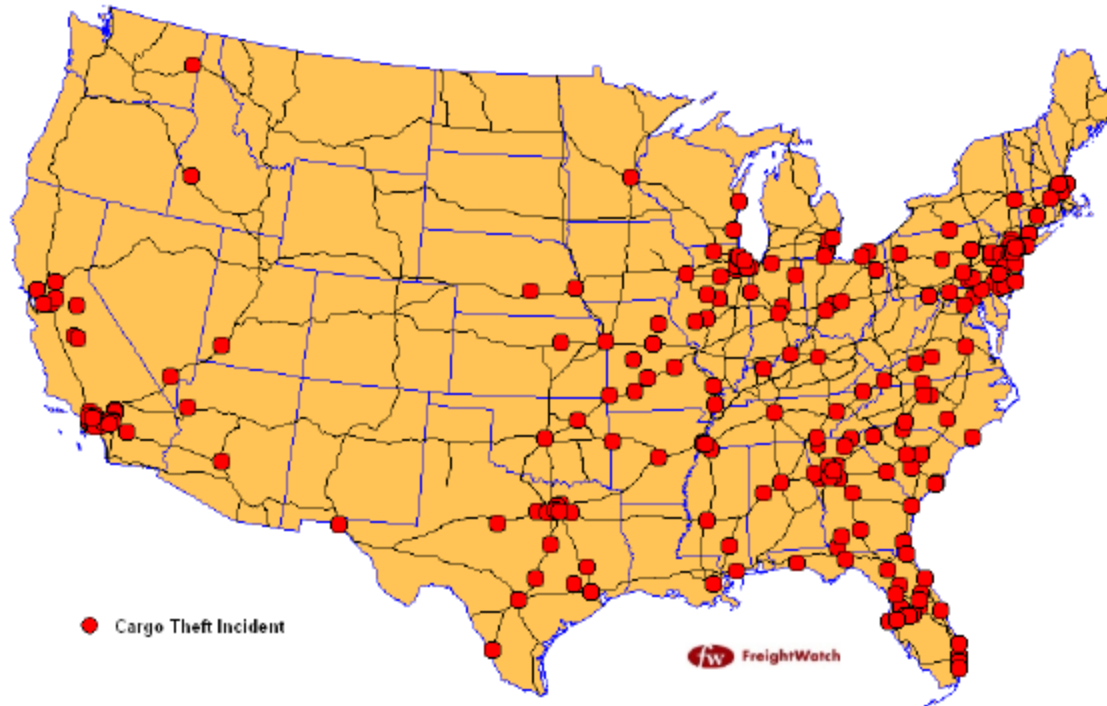


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Theft & Corruption – USA

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Target high value loads – in 2011 average value was 471k per load

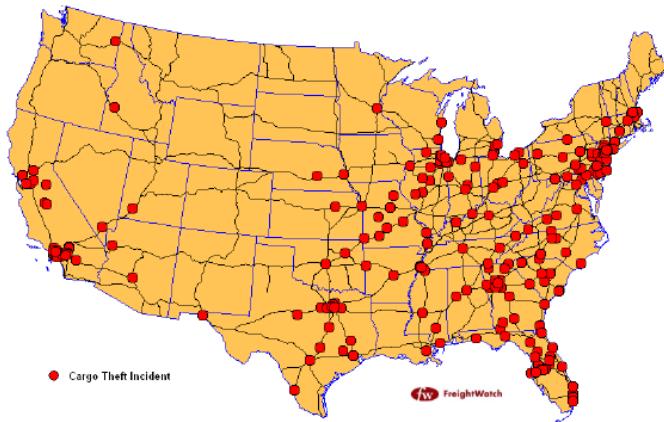


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Please note that TIA member **B-LAK Logistic Services, Inc. MC# 307403** has someone using their load confirmation that is not affiliated with the company. To ensure you are working with a legitimate employee or agent please contact Joe Valle, Regional Director of Operations in Winter Haven, Florida, 863-324-6800 or Karen Bradley, Regional Director of Operations in Jonesboro, Arkansas, 870-932-2525.

Also note motor carrier **Hammer Hill Express LLC MC# 724682** has reported their identity stolen. Richard Melton is the only employee and can be reached at (501) 779-7160 if anyone has any questions.

Motor carrier **Jax Logistics LLC MC# 645538** has reported their identity stolen. Someone by the name of Greg Allen and Barry Ball are claiming to be employees, but are not affiliated with the company. If you are contacted by someone claiming to be from Jax Logistics please contact Michael Devault at (904) 316-6295 to verify.

Motor carrier **Linn West MC# 642165** has reported their identity stolen. Someone using the name of Lynn is claiming to be an

Trend 1 – Cargo criminals steal multiple trailers at once – increasing their take-per-theft ratio and lowering their risk of exposure.

Trend 2 – Southern California leads in the country in cargo theft with New Jersey in a close 2nd.

Trend 3 – Identity theft of legit trucking companies is on the rise and the area of largest concern among shippers



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US Safety Ratings & Personal Injury Lawsuits

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Company Information

Because of increased fraudulent activity where individuals falsely represent themselves in an attempt to conduct business as an unrelated company, we suggest you call the phone number listed below for due diligence and verify you are dealing with the correct party before entering a business relationship.

Legal Name: **YRC INC.** [Authority Grant Date](#)
Address: **10990 ROE AVENUE** Docket: **MC002202**
OVERLAND PARK, KS 66211 USDOT: **71821**
Phone: **(913) 696-6100** HazMat: [050109550022RT](#)
Fax: **(913) 696-6122**
Email: terry.budimilija@yrcw.com

Company Notes

You have no notes entered for this company. Notes are private to your account and cannot be viewed by other members.

Monitoring Status

View the [insurance and authority updates](#) since January 1, 2005.

You are monitoring this company and will be alerted automatically to any changes in its insurance, authority and safety rating.

MONITORED SINCE JULY 12, 2010






Due Diligence Certificate

FreightGuard Reports Show Performance Issues

No FreightGuard Reports Submitted

⚠️ Click the Report Company button to submit your FreightGuard Report about MC002202.

Carrier Qualification Guidelines

SAFESTAT  OKAY	SAFETY  OKAY
AUTHORITY  OKAY	INSURANCE  OKAY
YOUR COMPANY POLICY  ACCEPTABLE	

THIS COMPANY MEETS THE CARRIER QUALIFICATION GUIDELINES



Acceptable

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Company Information

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Legal Name: **ALEXANDER TRUCKING COMPANY, INC.** Authority Grant Date
Address: **ROUTE 6, BOX 89** Docket: **MC183603**
TAYLORSVILLE, NC 28681 USDOT: **274914**
Phone: **(704) 632-4232** HazMat: **080607550001PR**
Email: icenhour@charter.net

Company Notes

You have no notes entered for this company. Notes are private to your account and cannot be viewed by other members.


Monitoring Status

View the [insurance and authority updates](#) since January 1, 2005.

You are monitoring this company and will be alerted automatically to any changes in its insurance, authority and safety rating.

MONITORED SINCE JULY 12, 2010

Due Diligence Certificate





 Create an **Eco-Cert™ Due Diligence Certificate** as a PDF file that can be saved on your computer or printed. [Adobe Reader Required](#)

FreightGuard Reports Show Performance Issues


No FreightGuard Reports Submitted

⚠️ Click the Report Company button to submit your FreightGuard Report about MC183603.

Carrier Qualification Guidelines

SAFESTAT  CAUTION	SAFETY  OKAY
AUTHORITY  OKAY	INSURANCE  OKAY

YOUR COMPANY POLICY


NOT ACCEPTABLE

THIS COMPANY DOES NOT MEET THE CARRIER QUALIFICATION GUIDELINES CONFIGURED FOR YOUR COMPANY

Broker Qualification Guidelines

BROKER BROKER



Not Acceptable

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Law firms specializing in this area are popping up everywhere

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Jury Returns \$23.7 Million Verdict Against C.H. Robinson

March 20, 2009 - An Illinois jury awarded a \$23.7 million judgment against freight broker C.H. Robinson Worldwide and other defendants for an interstate collision that killed two people and injured five others in April 2004.

The driver and carrier for whom the driver worked admitted they were negligent and responsible for the damages caused by their actions. The driver was charged with driving on a suspended license and falsifying her log book.

Plaintiffs argued the driver was C.H. Robinson's agent, and C.H. Robinson should be liable for damages resulting from the carrier's negligence. **The jury reached a verdict that the driver was C.H. Robinson's agent and awarded plaintiffs \$23,750,000.**



Hiring Carriers with Due Diligence

Carrier 411 Exclusive Article
by William J. Augello, Esq.

Hiring motor carriers has always presented problems to brokers, 3PLs and shippers, but these problems have recently escalated as a result of the [Schramm](#) decision involving C.H. Robinson.

This monumental decision will change the way shippers and third parties qualify carriers for decades to come if they wish to avoid the risk of being held liable for the injuries, deaths and damages caused by the carriers they hire. It may also alert the government to the need for more accurate, current information on the nation's truckers their drivers and equipment.

Schramm is all about "due diligence". It presents a guideline to everyone having a responsibility for selecting a carrier to transport a load over the highways. However, in this writer's opinion, the court's guidelines are unrealistic given the time constraints or third parties during a normal business day. It is particularly unmanageable during periods of truck and driver shortages.

Nevertheless, it presents a challenge for every entity that hires carriers to establish a corporate policy on qualifying carriers that balances due diligence with reason and current conditions in the marketplace.



Since 2009 large judgments being awarded to victims – 5 major cases in 2012
If a carrier hurts someone carrying your freight, you will get sued
Use reputable carriers with good safety ratings

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Thank you!



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