



***“Don’t let this happen to you”***  
***C-TPAT Security Best Practices and Lessons Learned***

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**Presenters**

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# C-TPAT Achievements

## 8,647 - Certified Partners to current date:

- **7,948** - Certified Partners at the end of 2007
- **699** - Increase in membership in 2008

## 7 - Field Offices; Current staffing level is 195

## 9,521 - Total Validations Completed

- **7,710** - Initial Validations Completed
- **1,811** - Re-Validations Completed

## Number of completed validations by year:

2003: **137**-Validations      2004: **294**-Validations      2005: **1,109**-Validations

2006: **2,253**-Initial Validations   **16** -Revalidations   **2,269**-Total Validations in 2006  
 2007: **2,516**-Initial Validations   **575** -Revalidations   **3,091**-Total Validations in 2007  
 2008: **1,401**-Initial Validations   **1,220**-Revalidations   **2,621**-Total Validations in 2008

## 411 - Total suspensions (213 Highway Carriers)

## 271 - Total removals (114 Highway Carriers)

## Internationalization Efforts:

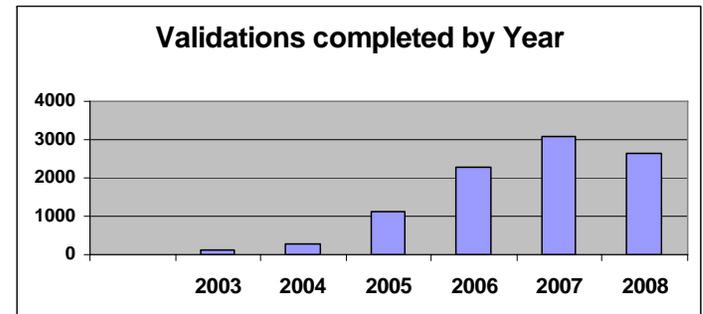
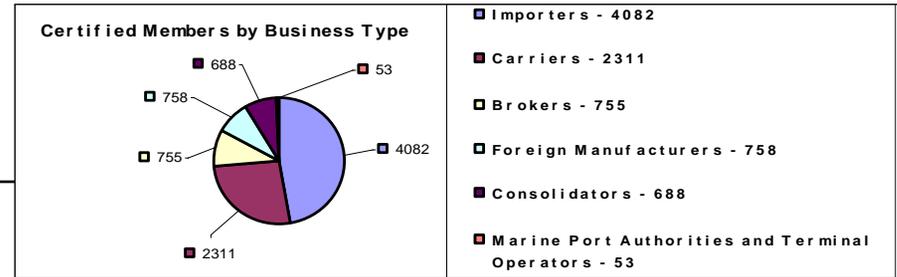
- **3** - Mutual Recognition Arrangements: New Zealand, Canada, Jordan
- **4** - Mutual Recognition Projects: Australia, European Union, Japan, Singapore
- **4** - Technical Assistance Projects: Malaysia, Mexico, Philippines, Guatemala
- **3** - Capacity Building Training Programs: Ghana, Brazil, Kenya

## Security Criteria Implemented:

- **10 - Business Entity Types:** Importers, Sea Carriers, Highway Carriers, Rail Carriers, Foreign Manufacturers, Customs Brokers, Mexico Long Haul Highway Carrier, Port Authorities/Terminal Operators, Air Carriers, Consolidators

## Tiered Benefits Structure – commensurate with security enhancements. Best Practices Catalog.

- **267** - Tier 3 Importers



# C-TPAT Program Actions

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- Ineligible
- Rejected
- Negative Vetting
- Withdrawn
- Validated, Suspended
- Validated, Removed
- Incident, Suspended
- Incident, Removed



# C-TPAT Program Actions

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All Rejections, Suspension, Removals, Ineligible determinations, and program Withdrawal actions taken within the Customs-Trade Partnership Against Terrorism (C-TPAT) program **MUST** be approved by C-TPAT Headquarters (HQ) management and only after the Supply Chain Security Specialist (SCSS) receives approval from their local Supervisor.



# C-TPAT Program Actions

## Rejected/Ineligible:

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If the applying company does not meet eligibility requirements for the sector being applied for, the company may be classified as “ineligible” and the application rejected.

Any false information discovered during either the application or profile review process will also lead to a participant being declared ineligible.



# C-TPAT Program Actions

## Negative Vetting:

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All applicants must pass successfully through vetting performed through CBP law enforcement systems.



# C-TPAT Program Actions

## **Withdrawal:**

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If a security profile is not completed within 60 calendar days after the application has been filed, the company will be automatically withdrawn from the program and will need to re-apply.

Failure to complete an annual self-assessment may also result in withdrawal or action such as suspension or removal (depending on circumstances).



# C-TPAT Program Actions

## **Voluntary Withdrawal:**

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Company no longer wishes to participate in C-TPAT program (including ceasing of business operations) and requests voluntary removal from program.

Note: Voluntary withdrawal is not permitted in cases where an attempt is made to avoid removal for a failed validation, action after an incident or other improper program action on the part of the participant. Additionally, the C-TPAT program may impose a restriction on how soon a withdrawn applicant may reapply (if at all) based on a review of the circumstances by C-TPAT Management.



# C-TPAT Program Actions

## **Validated, Suspended**

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If a participant has an unsuccessful validation/revalidation, they may be suspended.

Suspension determinations are made by the SCSS and their local Supervision, but all final suspension determinations must have HQ approval.

Suspension terms can vary depending on circumstances such as, participant cooperation, severity of discovered failures and previous history within CBP, C-TPAT.



# C-TPAT Program Actions

## **Validated, Removed**

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If a participant fails their validation/revalidation, they may be removed from the C-TPAT program.

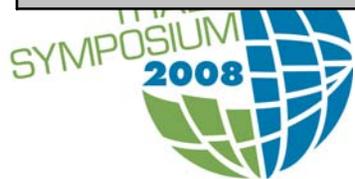
Reasons for removal can include the discovery of false information being presented to CBP, failure of the company to participate in the validation process, unwillingness to come into compliance with program criteria via actions required and recommendations made or for other clearly documented reasons provided by the SCSS.



# Appeal Actions by C-TPAT

## FY2007/2008

	FY 2007	FY2008
Total Actions Taken That Could Be Appealed	322	510
Total Appeals	60	88
% of appeals	18.63%	17.25%
Approved Appeals	21 (35%)	30 (34.09%)
Denied Appeals	33 (55%)	44 (50.00%)
Appeals With Shortened Lengths	6 (10%)	14 (15.91%)
Highway Carrier Appeals	36	37
Importer Appeals	13	26
Manufacturer Appeals	0	6
Consolidator Appeals	6	8
Broker Appeals	3	7
Port/Term. Operator Appeals	2	0
Air Carrier Appeals	0	1
Sea Carrier	0	3
Rail Carrier	0	0



# C-TPAT Suspension/Removal Actions

## Jan. 2002 to Oct. 2008

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❖ *Suspended due to Validation (Total = 149)*

<u>Importer</u>	<u>MX Mfr</u>	<u>Hwy Car</u>	<u>Broker</u>	<u>Cons</u>
63	5	68	10	3

❖ *Removed due to Validation (Total = 101)*

<u>Importer</u>	<u>MX Mfr</u>	<u>Hwy Car</u>	<u>Broker</u>	<u>Cons</u>
34	6	47	11	3



# C-TPAT Suspension/Removal Actions

## Jan. 2002 to Oct. 2008

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### ❖ *Suspended* due to Incident (Total = 262)

<u>Importer</u>	<u>MX/CA Mfr</u>	<u>Hwy Car</u>	<u>Broker</u>	<u>Cons</u>	<u>Sea/Air Car</u>
68	25	145	15	4	5

### ❖ *Removed* due to Incident (Total = 170)

<u>Importer</u>	<u>MX/CA Mfr</u>	<u>Hwy Car</u>	<u>Broker</u>	<u>Cons</u>	<u>Sea/Air Car</u>
62	7	67	19	10	3
		<u>Port/Terminal Oper</u>			
		2			



# C-TPAT Suspension/Removal Actions Jan. 2002 to Oct. 2008

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## ❖ *Negative Vetting Findings (Total = 714)*

<u>Importer</u>	<u>MX/CA Mfr</u>	<u>Hwy Car</u>	<u>Broker</u>	<u>Cons</u>	<u>Sea/Air Car</u>
189	9	422	4	22	66



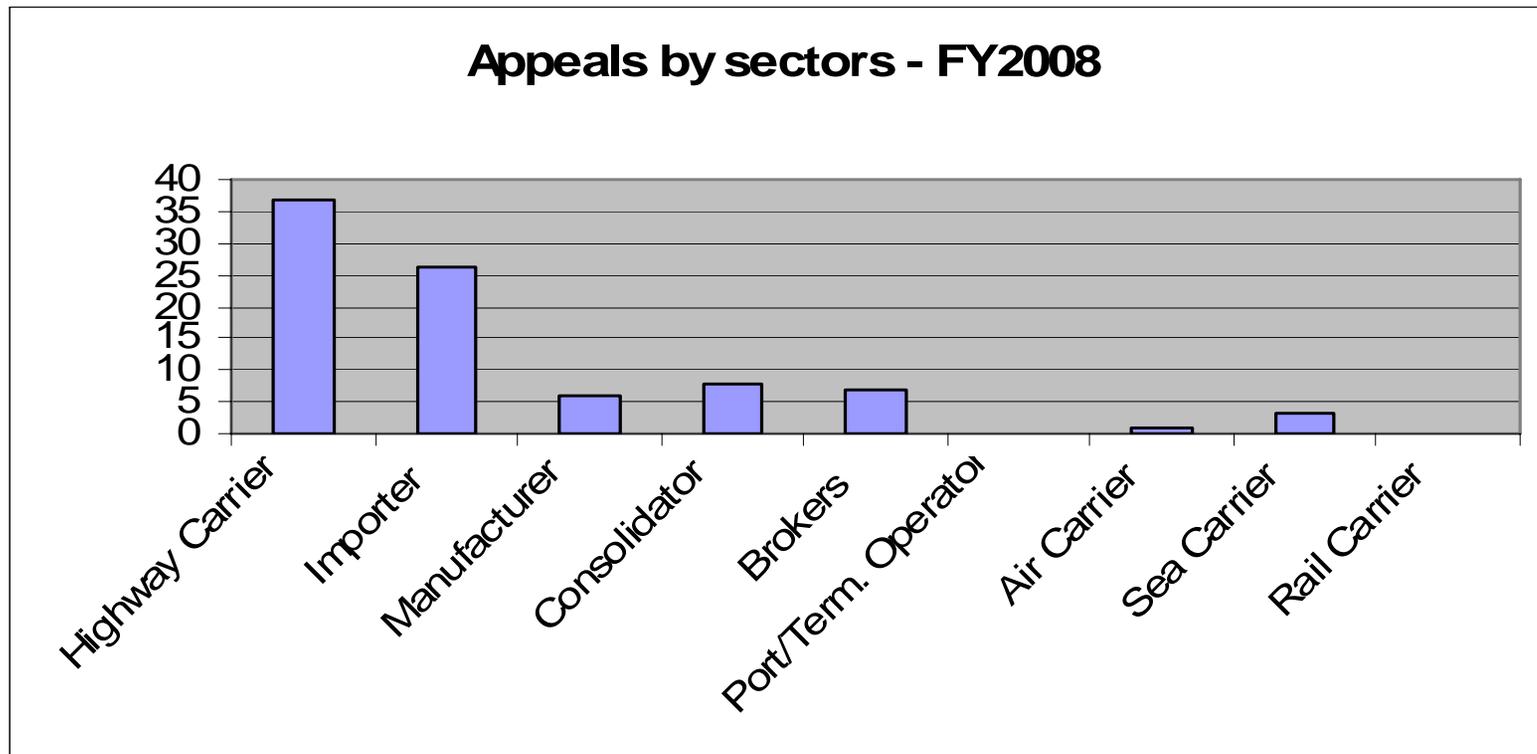
# C-TPAT Appeal Process

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- Suspensions and removals are subject to an appeal process.
- The partner is given a specific time period in which to appeal the decision (usually 30 days).
- All appeals received by the C-TPAT program are reviewed and acted upon by the Executive Director of Cargo Conveyance Security.
- A letter from the Executive Director is sent to the affected partner with his/her final decision and details of any actions required by the partner.



# Suspension/Removal Appeals per Enrollment Sectors



# Post Incident Analysis (PIA)

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When a C-TPAT participant is involved in a supply chain incident, HQ C-TPAT program staff will examine the incident and provide details to C-TPAT management so that they can determine the correct response from the program.

All Post Incident Analysis (PIA) will be conducted within 30 days.

The Field Director will assign a SCSS team to conduct the PIA (usually involving the company assigned SCSS). The PIA report, with program status, and recommendations must be finalized within this 30 day time frame.

Once the Field Director receives and reviews the PIA report and discusses and approves the company status recommendation, the full report and recommended actions are then forwarded to HQ for review by C-TPAT Management. All final decisions on PIA results, recommendations and C-TPAT program actions must be approved at the HQ C-TPAT Management level.



# 2007 Post Incident Analysis (PIA's) Summary

- 43 Total PIA's

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- 39 Involved smuggling of Marijuana
  - Amounts ranged from 47 lbs. to over 5,500 lbs.
- 2 involved smuggling of Cocaine
  - Each incident involved no less than 63 lbs.
- 2 involved human smuggling



# 2008 Post Incident Analysis (PIA's)

## Summary

### □ 45 Total PIA's

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- 35 involved smuggling of Marijuana
  - Amounts ranged from 29lbs. to over 4.6 tons
- 4 involved smuggling of Cocaine
  - Amounts begin at no less than 24 lbs.
- 2 involved human smuggling
- 3 were general seizures
- 1 was a failed validation as a result of response to incident



# Confirmed Best Practices

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- ❑ Maintaining consistent point of contact for the C-TPAT program
- ❑ Regular monitoring of both C-TPAT website and Portal account.
- ❑ Security profile maintenance beyond required annual self-assessment
- ❑ Follow up questionnaires and inquiries to business partners/providers (outside of initial effort)
- ❑ Notification made to CBP and assigned SCSS in the event of any security breach or anomaly.



# Confirmed Best Practices

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- ❑ Inspection of providers facilities by participant personnel (e.g. dual QC/Security visit, **red team**)
- ❑ Not allowing the practice of double brokering within your supply chain
- ❑ Using only known providers within your supply chain (specifically other C-TPAT providers)
- ❑ Establishing C-TPAT committees, working groups or regular meetings



# Confirmed Best Practices

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- ❑ Making C-TPAT participation part of overall supply chain operation and not singular program.
- ❑ Provider participation in supply chain security meetings or councils.
- ❑ Random audits by management of processes outside of normal established procedures
- ❑ Documentation kept of all supply chain incidents, anomalies or issues for future reference.



# Examples of C-TPAT Actions and Consequences

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US Importer unsuccessful overseas validation example



# Examples of C-TPAT Actions and Consequences

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## NWK Field Director Hotchkiss

### Canadian Highway Carrier Example



# Example of Portal Record

Date	Remarks	Additional Remarks
6/20/2006	C-TPAT Validation completed - Canada	
10/11/2006	validation report approved and sent to partner	
1/10/2007	Response to validation report due	
2/27/2007	Voice messages left for the POC regarding rejected security profile and late response to the validation report	POC did not return SCSS's call
3/5/2007	Another voice message left for re: report responses and security Profile	POC did not return SCSS's call
3/6/2007	Another voice message left for re: report responses and security Profile	POC did not return SCSS's call
6/4/2007	Another voice message left re: report responses and security profile	SCSS received voice message regarding new C-TPAT POC - POC states he will send validation report responses
6/8/2007	SCSS received message from Port of Detroit. A loaded trailer was Not secured with a high security seal when attempting to cross the border. Voice message POC re: non-use of high security seals and Response to the validation report (one of several actions required in the report was the use of ISO 17712 compliant high security seals)	



7/5/2007	Re response to validation report, the POC stated that he would send the response immediately
8/8/2007	Issue paper and suspension letter sent to HQ for approval
8/13/2007	Suspension letter approved.
9/21/2007	Company appeal letter approved, company reinstated.
11/2/2007	In the company's appeal letter, the attorney stated "...since this family owned and operated business has a fairly substantial fleet, it took time to implement the various requirements. They now have the seals and are proceeding with that part of the program." SCSS left voice message for POC requesting the company's new sealing procedures. SCSS did not receive a response
11/2/2007	SCSS spoke to a CBP Officer at the Detroit Service Port. According to the Officer the company was using minimum-security plastic seals for shipments crossing into the United States. Dates of these crossings were October 27, 2007 and November 1, 2007.
11/5/2007	SCSS received the following message from a CBP Officer in the Detroit service port on 11/5/07: Company driver showed up with no seal and said none of his loads have seals.
11/5/2007	SCSS submitted 2nd issue paper and suspension letter for approval
11/14/2007	2nd suspension letter and issue paper approved by HQ





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11/23/2007	SCSS continued to receive reports from the Detroit Service Port regarding carrier non-use of high security seals. The latest report was received on 11/22/07: two trucks crossing into the US 11/18/07, Were not secured with the required seals	As of November 23, 2007 the SCSS had not received the response to the validation report.
11/27/2007	SCSS received company's security plan (29 pages) and request to change primary point of contact	Portal updated with new information.
12/14/2007	Received company's second appeal letter.	
5/12/2008	SCSS received notification from that the company planned to file a Third appeal. SCSS continued to receive reports from the port stating The company's trailers were crossing into the US with no seals. Last incident report 4/9/08.	
5/15/2008	Port contacted to verify repeated reports of unsealed trailers.	Company reps visited HQ for a meeting regarding their removal.

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# Examples of C-TPAT Actions and Consequences

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JFK Field Director Sean Doherty

US Importer and Related Foreign  
Manufacturer Example



# 4400 lbs Marihuana Discovered in False Front Wall Trailer arriving from Mexico

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- ❑ Trailer was loaded with high value commodity consigned to highly visible, well know brand name company
- ❑ Trailer was referred for VACIS examination and anomaly was discovered. K-9 alerted to front wall of the trailer
- ❑ Front wall was drilled and probed revealing marihuana
- ❑ Both the Carrier and Foreign Manufacturer were suspended
- ❑ Post Incident Analysis was ordered and conducted



# Post Incident Analysis (PIA) Findings

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- ❑ The foreign manufacturer subcontracted with a trailer broker to locate a trailer due to an end of quarter equipment shortage
- ❑ The importer was not informed of the change in carrier
- ❑ The subcontracted carrier was not vetted or approved by the importer and was unknown to the foreign manufacturer
- ❑ The foreign manufacturer failed to conduct a thorough inspection of the trailer upon arrival at their facility or prior to loading



# Post Incident Analysis (PIA) Findings

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- Fresh weld marks and paint were clearly visible
- Use of a range finder revealed the length of the interior of the trailer to be 48 ft as opposed to 53 ft
- C-TPAT requested and received corrective action plans from both the importer and foreign manufacturer



# Corrective Actions

- Subcontracting of carrier services only permitted with importers approval, with vetted carriers, when necessary
- Carrier inspection and certification of trailers prior to arrival at site
- Trailer inspection with measurement at site by utilizing a rangefinder
- Explored the feasibility of weighing empty trailers upon arrival at site
- Detailed inspection of all interior/exterior trailer surfaces prior to loading



# Corrective Actions

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- ❑ Trailer convoys with a security escort from interior to the border
- ❑ In-transit tracking of convoys via GPS to ensure no route deviations or delays
- ❑ Enhanced security questionnaires and border procedures developed with certified partners
- ❑ Use of a secure in-transit trailer yard



# Examples of C-TPAT Actions and Consequences

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LA Field Office SSCSS

Bryant Van Buskirk

US Importer and Mexican Mfr.  
Example



*C-TPAT Importer & related Manufacturer (Multi-National, billion dollar organization) had a significant security breach (10,000 lbs of marijuana) due to lapses in conveyance monitoring and use of a non-vetted carrier. This incident involved a shipment of electronics being transported from a manufacturing facility in Mexico to the United States.*

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The PIA revealed that:

- Shipment was subcontracted by the primary carrier.
- Subsequently the shipment was subcontracted two additional times to a non-vetted company (Driver ultimately arrested by CBP for involvement in seizure).
- Transit time typically 1 hour from plant to border
- Shipment arrived at U.S./Mexico border approximately 3 hours after departing the Mexican factory
- Importer was not aware that substantial changes were made to the company's transportation monitoring security policies by the related manufacturing facility. Essentially an unauthorized employee from the manufacturing facility removed the factory's obligation to maintain transportation oversight of the goods
- The importer did not become aware of the seizure until approximately 9 hours later

**Importer and related manufacturer's C-TPAT and FAST benefits were suspended (company made over 100 border crossings each day). Incident occurred at the U.S./Mexico land border, however, suspension affected numerous supply chains the importer had overseas and increased the number of CBP inspections.**



Following implementation of a corrective action plan and a successful revalidation, benefits were “conditionally” reinstated. Conditional status subjected the importer to quarterly reviews and validation of all three related manufacturers in Mexico.

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Examples of corrective action adopted:

- Company has contractually required that primary carriers are not allowed to subcontract carriage without express approval from company. All carriers required to be screened/vetted before authorized to transport shipments.
- All northbound shipments (from MX) required to reach pre-designated check point's) under strict timelines. Shipping documents were held at the last checkpoint and crossing documents provided only if shipment arrived within prescribed timeline. Shipment's) not meeting timelines are ordered back to plant for formal investigation and inspection. Company implemented substantial internal controls and regular audits to oversee transportation providers and the conveyance monitoring process.
- The importer established an internal global supply chain security team responsible for assessing risk within the company’s international supply chains. The team exercises complete control and oversight of all security related matters, ensures that corporate standards are applied uniformly throughout all company facilities and verifies compliance with these security standards via onsite audits.



# Epilogue

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In a recent example of the post incident security procedures put into place, a conveyance did not reach border checkpoint within the prescribed timeframe (approx 2 minutes late).

When the driver could not be reached by the dispatcher, the company's response procedures were implemented and CBP and local authorities were notified.

It was later determined that the company shipment was hi-jacked while en route to the Border (driver unharmed) and the merchandise was stolen by unknown parties. The company's security procedures proved highly effective in immediately notifying law enforcement personnel and affected parties that there was a potential issue/security breach with the shipment.



# Q & A

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Panel members are available to  
answer questions from the  
audience until end of session time

Thank You

