



Diversion

A Chemical Distributor's Approach



Who is Hawkins?

- Hawkins, Inc. distributes, blends and manufactures bulk and specialty chemicals for its customers in a wide variety of industries. The company is headquartered in Minneapolis, Minnesota, and has 25 facilities in 13 states.



Past Practice - DEA

- Prior to DHS regulation, chemical distributors experience with diversion was primarily thru products regulated by the Drug Enforcement Administration
 - Controlled Pharmaceuticals
 - Listed Chemicals



Expansion of COI

- With the publication of the chemicals of interest under CFATS, the number of chemicals we needed to be concerned with grew by over 1,000%.



Chemical of Interest (COI)

- Hawkins has identified > 300 Product SKU's which are regulated as COI by regulation or other parameters.
- This represents approximately 3.2% of our current products.



Order Process - Previous

- Customer places the order
- Order is printed in the warehouse to prepare the order for shipment.
- Product is shipped to customer.



Order Process - Current

- Customer places the order
- *Order is reviewed by system for COI history, and is placed on hold if criteria is not met.*
- Order is printed in the warehouse to prepare the order for shipment.
- Product is shipped to customer.



Hold Criteria

- Is the customer New or Existing?
- If Existing, is their previous purchase history within the last 2 years?



Customers - New

- Confirmation of use of any COI prior to the order being approved.
- Confirmation of shipping address
 - Via Personal Visit
 - Use of mapping software, such as Google Earth.



Customers - Existing

- Confirmation of use of any COI prior to the order being approved, if no previous purchase history exists.



Release from Hold

- Can only be done electronically, thru access to company network
- Can only be released by Senior Management, Corporate Security or their authorized delegates (Total: 6).



Impact

- The system has flagged > 300 orders for review in the past year.
- This accounts for $< 0.5\%$ of orders placed.



Product Stewardship

- Good product stewardship generally allows a facility to know where its product is located at all times; ensures that the material is being delivered to or received from a known, approved individual or entity; and helps prevent the theft or diversion of materials through force or deception.



Other Procedures

- All changes of address involving all COI are tracked and reviewed.
- Company drivers are not allowed to deliver product to any location other than that printed on the shipping paper.
- Certain COI (such as Chlorine) are delivered only by Hawkins employees, and Will Calls are not allowed.



Operation Green Cloud

- In February 2008, a video was released on the NYPD Counterterrorism Bureau investigation into the purchase of liquefied chlorine gas and its potential terrorist risk as a chemical weapon.