Cargo fraud is on the rise. Here’s how to fight back

Posted by Lou Smyrlis at 10:27 AM

Cargo crime is an issue that deserves prime time attention. It could be costing our industry up to $5 billion annually, although that’s just an estimate because until recently disjointed interest has led to a lack of proper data in addition to insufficient security and enforcement.

This is starting to change. The Canadian Trucking Alliance (CTA) with the cooperation and financial support of a pretty long list of trucking, insurance and police parties hired Lansdowne Technologies to prepare what it termed a “threat and risk assessment” of cargo crime in Canada. The report bills itself as the first of its kind “to clearly explain cargo crime in Canada and to promote awareness of the issues and challenges facing Canada in coming to grips with the problem of cargo crime.”

We think this is a smart move by the CTA. It’s time we fought back in an intelligent and well orchestrated manner. To show our support we made cargo crime the feature story in the upcoming issues of Truck News and Truck West and it will also be dealt with in the September/October issue of Motortruck Fleet Executive.

Most of the attention on cargo crime is focused on cargo theft. However, I want to draw your attention to another form of cargo crime that is cropping up and needs your attention when brokering freight: cargo fraud. Markel’s Rick Geller had an eye-opening presentation on cargo fraud at Transcore’s recent users’ conference.

As Geller pointed out, cargo fraud, or theft by deception as he called it, only works if the perpetrators can create the facade of a legitimate carrier ready to partner with you to move freight. But some are so good at creating that façade that unsuspecting trucking executives end up thanking them for taking the load off the dock.

This is a crime that has been made much easier by the rise of the Internet and how much business information is available on it and can be copied – from your company logos to necessary operating authorities. Geller said in one case even a fake Markel insurance certificate was produced by the perpetrator. The alarm bells only went off because the policy number was that used by a different insurance company.

Don’t expect much help from the police authorities, Geller warned. Cargo fraud is hard to track down and since it doesn’t tend to leave victims bleeding on the roadside, it’s not high priority for police. This is a battle you will have to fight on your own.

The good news is that vigilance does pay off. As Geller says, if you are getting a deal to move freight that seems to be too good to be true, look into it. Fraudulent carriers working the spot market tend to offer rates to move freight at a fraction of the going rate.

The documents produced fake their legitimacy also don’t stand up to closer scrutiny. Company logos may be blurred, the numbers on the produced operating authorities won’t match with the actual government records, the company address may look funny it you double check it on GoogleMaps Streetview. In one case, the fraudulent carrier was giving a church as its address.

If one thing doesn’t look right, the company may be a fraud.

To find out more ways to fight cargo fraud, read Geller’s 10 Best Practices for Brokering Freight, which I’ve included below:

10 BEST PRACTICES for BROKERING FREIGHT

1. If you are using a load board, confirm membership and verify contact names and phone numbers. If you don’t see the company on there or the numbers don’t match, contact the load board officials.
2. Review the paperwork you receive from a carrier to ensure it’s valid. Check that the documents are clear and that there are no variations in font types or any other obvious signs of tampering.

3. Compare the authorities you’ve received with those listed on the DoT website (www.safersys.org) to certify that the authorities are valid and that the contact numbers provided to you match those on the site.

4. If a company claims that they are a secondary office of a US based company or other large company, call the primary office to confirm the phone numbers and location of the secondary office. If it is a US based carrier, ensure you receive their Canadian authorities.

5. Call the insurance broker to confirm coverage. Confirm the broker’s number online at www.canada411.com. Do not simply call the number listed on the copy of the policy you’ve received.

6. Call display – use it. Is the # displaying as NA? Check to see if it’s a landline or a cell phone. Prepaid cell phones can easily be obtained with cash and no credit check. Check online services such as www.phonedetective.com to find out if the number is a cell phone. (Currently no services are available to advise if the cell phone # is ppd or subscribed to.)

7. Know the going rate. If a carrier contacts you offering a rate to move your shipment that sounds too good to be true, exercise additional vigilance.

8. Talk to your shippers. Ensure they write down the license plate of both the tractor and trailer and possibly the driver’s license when a carrier arrives to pick up a shipment. Ensure they don’t simply write down the name from the door of the truck.

9. Ask for references and check them. Ensure you know who the references are and that they are legitimate companies.

10. If you have been a victim of fraud or theft, report it.

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