

# Stopping Cargo Fraud & Theft

## A Case Study



Universal Traffic Service, Inc.  
Service Control Solutions  
Universal Solutions for Supply Chain Management

# Beware the rise in cargo fraud and theft

Carrier fraud is on the rise. Virtual carriers, chameleon carriers, and cargo theft rings are all trying to rip you off, especially if you ship freight with a high value or freight that is easy to sell on the black market.

Here are the risks:

- Unseen liability when an unlicensed carrier pretends to be a valid carrier.
- Unseen risk when an unsafe carrier hides its poor safety rating.
- Having your freight held for ransom.
- Having your freight stolen and sold.

Stakes are high when fraud happens. Ransom or theft can cost thousands of dollars, and hidden liability can potentially reach the millions. So prevention is key.

The following pages describe one incident when UTS protected a client from cargo theft. We took on an Armenian theft ring that uses sophisticated techniques including identity theft and phone number spoofing. Read on to learn how the fraudsters will try to pick your pocket.

## **Virtual Carrier**

A carrier that does not exist in the real world. It uses a fake address to present itself as a real carrier and brokers the loads it accepts to actual carriers. Risks include a lack of accountability, and the actual carrier may not have a valid operating authority, satisfactory safety rating, or adequate insurance coverage.

## **Chameleon Carrier**

A carrier hiding a poor safety rating. Instead of working to fix its safety issues, the carrier closes down and re-opens under a new MC number with the same staff and equipment.

## **Cargo Theft Ring**

An organized crime group that uses a variety of techniques to take possession of a high-value shipment and either hold it for ransom or sell it on the black market.



# Theft Rings Use Unsafe Carriers

Theft rings tend to hire carriers that would never use. Here you can see reports on one of the carriers hired in this theft attempt.

The screenshot shows the FreightGuard website interface. At the top, there are navigation tabs: SPOT CHECK, MY CARRIERS, MY ALERTS, INTRASTATE, CARRIER LOCATOR, LANE LOCATOR, and BROKER LOCATOR. Below these are three search sections: 'SUBMIT FREIGHTGUARD REPORT' with fields for 'ENTER NUMBER WITHOUT MC FF MX PREFIX' and 'ENTER DOCKET', 'SEARCH BY DOCKET NUMBER' with 'ENTER DOCKET' and 'SEARCH', and 'SEARCH BY USDOT NUMBER' with 'ENTER USDOT' and 'SEARCH'. A 'START MONITORING' button is visible next to the 'MC' and 'USDOT' fields.

The main content area is divided into several sections:

- DOUBLE BROKERING REPORTED**
- INACTIVE CARRIER AUTHORITY**
- 3 TRUCKS 13 INSPECTIONS STARTED JUL 17, 2020**
- BUSINESS ADDRESS** and **PHONE (540)** fields.
- EMAIL** and **CONTACT** fields.
- Create Due Diligence Certificate** button.
- DUE DILIGENCE** 1BEF52382A0750724CCDF17036F8BCB
- FRAUD PREVENTION SEARCHES** section with a description and several search links: Archive Phone Search, Email Address Search, California Secretary of State, Archive Fax Search, Fraud Alert Search, Contact Name Search, and Contact Information Search.
- FMCSA TECHNICAL PROBLEMS WITH AUTHORITY AND INSURANCE DATA** section with a description.
- FreightGuard Reports** section with a sub-section for **REPORTED ITEMS** listing: UNRESOLVED CLAIM ISSUES, REPEATED PICKUP OR DELIVERY SERVICE FAILURES, FRAUDULENT ACTIVITY, UNETHICAL OR DECEPTIVE BUSINESS PRACTICES, THEFT OR UNJUSTIFIED LOSS OF FREIGHT, UNAUTHORIZED RE-BROKERING OF SHIPMENT, NO SHOW AND NO CALL, and HELD LOAD HOSTAGE. Below this is a table of reports:

SUBMITTED	REPORT AGE	VIEW REPORT
1. JUL 19, 2023	13 DAYS	<a href="#">VIEW REPORT</a>
2. MAY 10, 2023	83 DAYS	<a href="#">VIEW REPORT</a>
3. JAN 6, 2023	207 DAYS	<a href="#">VIEW REPORT</a>
4. SEP 15, 2022	320 DAYS	<a href="#">VIEW REPORT</a>

At the bottom of the reports section is a 'SUBMIT FREIGHTGUARD REPORT' button. Below that is the **Carrier Qualification Guidelines** section.

**FREIGHTGUARD REPORT**

**REPORT FG103796 SUBMITTED MAY 10, 2023 7:46 PM EST**

THE FOLLOWING REPORT DOES NOT NECESSARILY REFLECT THE OPINIONS OF CARRIER411. WE DO NOT ENCOURAGE OR DISCOURAGE YOU FROM SELECTING OR CONDUCTING BUSINESS WITH THIS OR ANY OTHER COMPANY. USE YOUR OWN INDEPENDENT JUDGMENT WHEN QUALIFYING COMPANIES AND MAKING HIRING DECISIONS.

<b>REPORTED COMPANY</b> ██████████ ██████████ ██████████	<b>REPORT SUBMITTED BY</b> ██████████ ██████████ ██████████
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<b>REPORTED ITEMS</b> THEFT OR UNJUSTIFIED LOSS OF FREIGHT UNRESOLVED CLAIM ISSUES FRAUDULENT ACTIVITY UNETHICAL OR DECEPTIVE BUSINESS PRACTICES	<b>REPORTED COMMENTS</b> CARRIER WAS FOUND IN UNAUTHORIZED POSSESSION/THEFT OF 2 SWIFT TRAILERS FOR OVER 6WEEKS COMBINED. SWIFT DISCOVERED THIS THEFT WHEN CONDUCTING AN UNRELATED SECURITY INVESTIGATION WHICH LED US TO A YARD WHERE CARRIER WAS FOUND ATTACHED TO OUR TRAILERS. CARRIER TOOK OWNERSHIP & PLEAD WE DON'T CALL LOCAL PD. SWIFT ASKED CARRIER TO RETURN THE TRAILERS & COMPLY WITH THE CLAIM. CARRIER HAS SINCE GONE COMPLETELY DARK TO OUR MANY ATTEMPTS TO RESOLVE THEIR CLAIM OWING THOUSANDS IN FEES & COSTS INCURRED.
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**RESPONSE FROM REPORTED COMPANY**

MAY 11, 2023 7:41 PM EST  
HELLO, DON'T LYING THAT TRAILERS SOME ONE DROP OFF IN FRONT OF MY YARD, WE JUST PICKED UP AND PARK ON SIDE WE HAVENT USE ANY TRAILERS, YOU GUYS TRY TO PUT CLAIM WITHOUT ANY REASON. PLEASE MAKE SURE WITH YOURS TRACKING WHO USE THIS. THAT FREIGHT REPORT AND CLAIM BOTH ARE FALSE.

**FREIGHTGUARD REPORT**

**REPORT FG110075 SUBMITTED JULY 19, 2023 4:32 PM EST**

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<b>REPORTED COMPANY</b> ██████████ ██████████ ██████████	<b>REPORT SUBMITTED BY</b> ██████████ ██████████ ██████████
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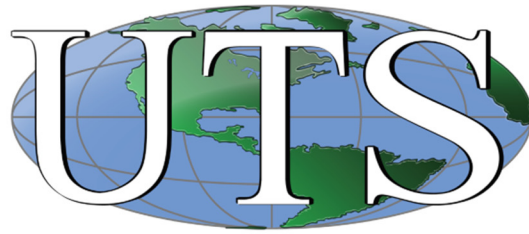
<b>REPORTED ITEMS</b> UNRESOLVED CLAIM ISSUES REPEATED PICKUP OR DELIVERY SERVICE FAILURES FRAUDULENT ACTIVITY UNETHICAL OR DECEPTIVE BUSINESS PRACTICES	<b>REPORTED COMMENTS</b> FOLLOW UP TO 6 MONTH OLD REPORT. THIS CARRIER PICKED UP A LOAD UNDER THE IDENTITY OF ██████████. THE OWNERS OF THE TWO COMPANIES KNOW EACH OTHER IN SOME CAPACITY. RECENTLY ██████████ CALLED AND SAID ██████████ WOULD DELIVER MY STOLEN LOAD. I ARRANGED FOR A WAREHOUSE TO ACCEPT LOAD. ██████████ NEVER SHOWED UP. LOAD IS ON A STOLEN JB HUNT TRAILER. I OFFERED TO TAKE DOWN ALL REPORTS IF MY LOAD WAS RETURNED AND PROVEN THE LOAD WAS NOT TAMPERED WITH.
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**RESPONSE FROM REPORTED COMPANY**

NO RESPONSE RECEIVED.

# UTS Procedures to Prevent Fraud & Theft

- Work only with carriers that have six months active DOT operating authority, at least one DOT inspection, a satisfactory safety rating or not-rated status with the Federal Motor Carrier Safety Administration, and safety scores better than industry standards.
  - Use a combination of third-party tools and internal checks to filter out unsafe carriers.
  - When we tender a load, we confirm that the person on the other end of the transaction is a verified employee of that carrier.
  - Encourage our clients to be vigilant during pickups: (a) Ensure the carrier picking up the freight matches the one sent by UTS; (b) Check the driver's ID; and (c) If something about the pickup doesn't seem right, don't hesitate to hold the load while you contact UTS.
  - Proactively track shipments for early detection of a theft attempt or other transit issues.
  - Additional safeguards for shipments valued at more than \$100,000.
  - Additional safeguards for shipments of commodities at high risk of theft (copper, lumber, electronics, foods, robotics, consumer goods, etc.).
  - \* Block truckload load acceptance communications when the IP address is located outside of North America. (This prevents international theft rings from using credentials they've stolen from an approved carrier.)
  - \* Send a separate assignment confirmation email to the carrier once they have been awarded a load.
  - \* Don't release the pickup authorization number until the carrier's driver is confirmed to be onsite at the shipper's facility.
- \* = *Procedure implemented as an opportunity for improvement following this theft attempt.*



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