

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.

CARGO THEFT RING

The theft ring uses credentials stolen from a UTS-approved carrier (Carrier A) to accept the load.

Shipper gives load to Carrier C, which was impersonating Carrier A.

Theft ring hires Carrier D with a poor safety rating to team-haul the load non-stop from Atlanta to California.

Theft ring mimics UTS
phone number on Caller
ID and instructs Carrier D
to deliver to California.

Text Message
Wednesday 10:47 AM

Please check in as **[Carrier A]**
Tell the shipper the load is going to FL
Please send me the pictures of the load and BOL before leaving the shipper
PU#P#10199
Pick up
[Shipper Name and Address]
Delivery
Alex Atlanta GA
[Warehouse Address]
Rate 800
400 Before delivery 400 after
Please confirm you got it

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY / SUNDAY	MONDAY	TUESDAY - THURSDAY	FRIDAY
JULY 24	JULY 25	JULY 26	JULY 27	JULY 28	JULY 29/30	JULY 31	AUGUST 1-3	AUGUST 4

UNIVERSAL TRAFFIC SERVICE

The shipper sends a pickup request for a load of copper tubing from Alabama to a client in Florida.

UTS makes the load available to its network of truckload carriers.

After receiving a tracking request, Carrier A alerts UTS that it did not accept the load.

UTS instructs the shipper that Carrier A would not show up today to make the pickup.

Later UTS informs the shipper that it has awarded the load to Carrier B and the pickup will occur on July 27.

When Carrier B arrives, it discovers the load is already gone.

Steps UTS takes:

Obtain the fraudulent driver's check-in information and MC number.

Call the driver repeatedly. No answer or call back.

Notify the police department in the shipper's jurisdiction and share the information collected so far.

After more than 30 attempts, the driver finally answers a call from UTS. He provides the address of the warehouse in Atlanta.

UTS immediately contacts the warehouse and identifies the carrier hauling the stolen freight.

Next, UTS calls the third party listed on the bill of lading and attempts to take back control of the shipment.

When that fails, UTS has Carrier D
conference call the theft ring to
determine the real broker.

We convince the carrier we are the real broker and provide the actual delivery address in Florida.

Theft thwarted? Not yet. The theft ring would try one more time ...

Carrier D decides to hold the load in a secure lot over the weekend while management reviews the disputing claims.

UTS continues to work with police departments in Alabama and California, as well as the FBI.

Dispute resolved, UTS transports the load to its client and proactively traces its location from California to Florida.

UTS has police onsite when the load arrives to collect evidence.

After a harrowing adventure, UTS delivers a happy ending.

[illegible]

The criminal ring created this bill of lading to facilitate its theft of \$100,000 worth of copper tubing. Note the European-style date in the top left corner.



Theft Rings Use Unsafe Carriers

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

SPOT CHECK

MY CARRIERS

MY ALERTS

INTRASTATE

CARRIER LOCATOR

LANE LOCATOR

BROKER LOCATOR

SUBMIT FREIGHTGUARD REPORT

ENTER NUMBER WITHOUT MC FF MX PREFIX

ENTER DOCKET

SUBMIT

SEARCH BY DOCKET NUMBER

ENTER NUMBER WITHOUT MC FF MX PREFIX

ENTER DOCKET

SEARCH

SEARCH BY USDOT NUMBER

ENTER NUMBER WITHOUT LEADING ZEROS

ENTER USDOT

SEARCH

MC

USDOT

DOUBLE BROKERING REPORTED

INACTIVE CARRIER AUTHORITY

3 TRUCKS 13 INSPECTIONS STARTED JUL 17, 2020

BUSINESS ADDRESS PHONE (540)

EMAIL CONTACT

Create Due Diligence Certificate

DUE DILIGENCE 1BEF52382A0750724CCDF17036F8BCB

FRAUD PREVENTION SEARCHES

Fraud Prevention Searches analyze archived FMCSA data since January 2005 and identify suspect conditions about this carrier, including related companies.

Archive Phone Search Email Address Search California Secretary of State

Archive Fax Search Fraud Alert Search

Contact Name Search Contact Information Search

FMCSA TECHNICAL PROBLEMS WITH AUTHORITY AND INSURANCE DATA

FMCSA is experiencing ongoing technical issues this week that continue to impact the accuracy of FMCSA authority and insurance data for some companies. FMCSA data problems started Monday August 22.

FreightGuard Reports

REPORTED ITEMS

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

HELD LOAD HOSTAGE

DDID 1BEF52382A0750724CCDF17036F8BCB

SUBMITTED

REPORT AGE

VIEW REPORT

1. JUL 19, 2023

13 DAYS

VIEW REPORT

2. MAY 10, 2023

83 DAYS

VIEW REPORT

3. JAN 6, 2023

207 DAYS

VIEW REPORT

4. SEP 15, 2022

320 DAYS

VIEW REPORT

SUBMIT FREIGHTGUARD REPORT

Carrier Qualification Guidelines

These guidelines help you qualify the company if you consider using it as a motor carrier.

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.

REPORTED COMPANY

████████████████████
████████████████████
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REPORT SUBMITTED BY

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REPORTED ITEMS

THEFT OR UNJUSTIFIED LOSS OF FREIGHT
UNRESOLVED CLAIM ISSUES
FRAUDULENT ACTIVITY
UNETHICAL OR DECEPTIVE BUSINESS PRACTICES

REPORTED COMMENTS

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.

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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REPORTED COMPANY

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REPORT SUBMITTED BY

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REPORTED ITEMS

UNRESOLVED CLAIM ISSUES
REPEATED PICKUP OR DELIVERY SERVICE FAILURES
FRAUDULENT ACTIVITY
UNETHICAL OR DECEPTIVE BUSINESS PRACTICES

REPORTED COMMENTS

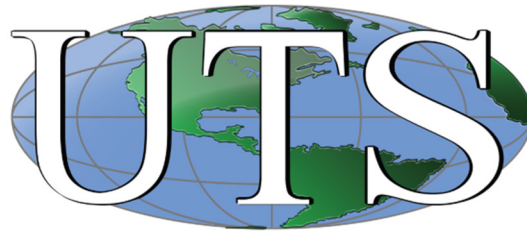
FOLLOW UP TO 6 MONTH OLD REPORT. THIS CARRIER PICKED UP A LOAD UNDER THE IDENTITY OF ██████████. THE OWNERS OF THE TWO COMPANIES KNOW EACH OTHER IN SOME CAPACITY. RECENTLY ██████████ CALLED AND SAID ██████████ WOULD DELIVER MY STOLEN LOAD. I ARRANGED FOR A WAREHOUSE TO ACCEPT LOAD. ██████████ NEVER SHOWED 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.

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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