

Fraudulent theft of truck consignments (phantom carriers)

Loss prevention tips

These tips on loss prevention are not binding. They have been drafted in order to protect high-value truck consignments from fraudulent theft. In individual cases, insurers can accept or require other measures that do not conform to the proposals described here.

Criminals are increasingly focusing on the fraudulent theft of truck consignments. The groups of offenders do this by fraudulently acquiring regular freight contracts. When the perpetrators take charge of the goods, everything initially appears to be a perfectly normal transport operation. As soon as they have taken charge of the consignment with the intention of fraudulent theft, the transport contract will not be fulfilled. The goods do not reach their intended recipient, but are instead sold elsewhere. By this time at the latest, all trace has been lost of the ostensible business partner. It is not only one-off contracts that are affected, but also repeat contracts that have a correspondingly higher loss potential.

The apparent circumstances of the loss initially indicate embezzlement, which often incorrectly leads to investigations in respect of embezzlement being opened. This has a direct impact on the activities of the police at the scene of the crime (loading bay) and hinders effective, cross-border police investigations. The sheer dimensions of the crimes and the logistics required for storing and passing on ("fencing") the goods mean that it is often organized gangs that are behind them.

As a rule, the perpetrators concentrate on high-value goods and goods that are not difficult to dispose of profitably. The loss is generally massive. These are some of the methods used by the perpetrators in order to acquire contracts:

- They pretend (identity theft) to work for well known freight carriers/haulage contractors (transport companies),
- they establish bogus companies or
- they purchase established transport companies, including access to freight exchange sites, documents and references.

That will suffice as an introduction to the main modi operandi. And increasingly, offenders adapt to preventive measures as they identify them.

Initial contact with potential clients is generally made via mobile phone, e-mail or online marketplaces such as freight exchange sites.

The criminals disguise their activities well. It is nevertheless possible to deploy a number of relatively simple measures to prevent the type of transport loss described here. The objective is always to make sure of the

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integrity and reliability of any potential business partners. This makes it possible to distinguish any black sheep from the reliable transport companies. In particular if you are intending to establish new business contacts, it is crucial to subject the potential business partner to a rigorous examination.

1 Initiation of a business transaction

Customers have a wide variety of communication options available to them for initiating a business transaction with a transport company. Increasingly, phone and fax are being superseded by communication over the Internet. Details regarding a contract are often sent by e-mail. The use of Internet marketplaces such as freight exchange sites is growing rapidly.

Modern means of communication are extremely easy to use for genuine users, but they are increasingly offering offenders a variety of ways of establishing seemingly bona fide business contacts while disguising their true identity. The opportunities for crime that result from this open up a wealth of risks for the customer.

This means that the customer must choose the transport company they use with all the due diligence required of a businessman, irrespective of the channel of communication used.

2 Entering into a business relationship

The criminal activities described are increasingly being used successfully by organized gangs to fraudulently obtain as many truck consignments as possible with one "phantom carrier". Special care must therefore be taken to check the reliability of the new partners when first entering into a business relationship.

To this end, the transport company should, for instance, be required to provide the following documentary evidence in order to establish confidence:

- references relating to completed transport contracts,
- confirmation of insurance,
- licenses and approvals,
- full company data including extract from the commercial register,
- color copy of the personal identification document or passport of the managing director as entered in the commercial register as proof of identity.

If any of the documents are not sufficiently legible or are not plausible, the customer should insist that correct documentation is presented or should not award the contract.

The offenders will often present forged documents. This means that the genuineness of any documents presented should be checked. When checking the references, it should be established whether the transport contracts were fulfilled as described in the references. Furthermore, the

confirmation of insurance should be checked and confirmed by the insurer. Company data such as the following can be checked using a credit bureau or by making inquiries with the relevant registers:

- address,
- registered office,
- phone number,
- fax number,
- e-mail address,
- official Web site,
- business license number,
- commercial register number,
- VAT identification number,
- bank details

and all these items can be compared for plausibility.

The VAT identification number can also be used to check the registered office using the VAT information exchange system of the European Union.

Depending on where the transport company is headquartered, other country-specific information can be used for checking purposes:

- transport license database (validity, operator, vehicles, traffic manager, contact person, number of licenses),
- lists of hauliers,
- offices of the green card agencies (license plate queries).

The plausibility of the e-mail address and the official Web sites should be checked along with the phone and fax numbers.

The customer should also use the extract from the commercial register to check how long the transport company has been trading and whether there has been a recent change of ownership. Information with regard to the solvency of the transport company is also important. Such information can be provided by credit bureaus, for instance.

3 Ongoing business relationship

From time to time, offenders feign an employment relationship with a transport company that is known in the industry. It is therefore important to be able to identify the communication partner absolutely reliably, even with ongoing business relationships. In this context, it is helpful, for instance, to agree on specific communication channels and to assign particular members of staff responsible for processing contracts with the transport company.

The confirmation of insurance provided by the transport company should be checked regularly and confirmed by the insurer. Furthermore, the solvency of the transport company should be checked on a regular basis by monitoring their payment history and by making use of the services of credit bureaus. In addition, attention should be paid to any change of

ownership at the transport company. Any information of this type that is discovered should flow into the checking measures, for instance by

- checking the extract from the commercial register,
- color copy of the personal identification document or passport of the managing director as entered in the commercial register as proof of identity,
- requesting references for the new owner or managing director.

4 Awarding of a contract

The transport contract may only be awarded after the reliability of the transport company has been checked by the customer. Transport contracts should only be awarded and accepted using the agreed channels of communication to the assigned communication partners. If any discrepancies arise, an explanation must be requested from the transport company. If no plausible explanation is forthcoming, a different transport company should be selected.

If the contract is awarded using a freight exchange site, the safety measures recommended by the site should be used and implemented. If inadequate safety measures are recommended, the freight exchange site in question should be avoided. The reliability of the transport company must additionally be checked as described above prior to awarding the contract.

Subcontracting, i.e. when the transport company hands over the transport contract to a different transport company, the subcontractor, carries additional risks and should be avoided if possible. To minimize the risk of fraudulent theft of the goods being transported, the subcontractors should be subject to the same reliability checking as the transport companies. This should be stipulated in the transportation contract. If the transport company cannot guarantee that such a check will be performed, they should not be permitted to subcontract the transport contract. If contracts are awarded using freight exchange sites, subcontracting should never be permitted.

Specific time frames and an order number should be agreed for collecting and delivering the consignment. Furthermore, the transport company should provide the customer with the following data (advance shipping notice) in good time prior to collecting the consignment:

- full name of the driver, nationality, color copy of the driver's personal identification documents,
- color copy of the driver's driving license,
- official contact data (e.g. mobile phone number) for the driver, vehicle license number, state of registration and type designations of the means of transport, (e.g. semitrailer tractor unit of type sampleTractor 1234, AB-CD 1234, Germany / trailer type: SampleTrailer5678, EF-GH 9012, Germany),
- color copy of the vehicle documents (vehicle identification number).

Any national statutory requirements with respect to data protection must be observed when personal data is collected.

Furthermore, the customer should draw up a consignment note compliant with § 408 of the German Commercial Code (HGB) or Article 6 of the Convention on the Contract for the International Carriage of Goods by Road (CMR). This should include at least the following details:

- date of the consignment note and the place at which it was made out,
- a unique consignment note number,
- transport contract number,
- name and address of the sender,
- name and address of the carrier,
- vehicle registration number of the means of transport,
- name and address of the consignee,
- place and the date of taking over of the goods and the place designated for delivery,
- description of the goods and packaging,
- number of packages and their special marks and numbers,
- gross weight of the consignment,
- statement that trans-shipment is not allowed (if agreed),
- agreed time limit within which the carriage is to be carried out (if agreed).

5 Collection of the consignment

From the perspective of the sending party

In order to prevent the wrong goods from being loaded, the driver should be asked to provide the agreed contract number before the goods are handed over. The identity of the driver should then be reliably determined on the basis of his official identity card and compared with the data received in the advance shipping notice.

It is recommended that a document inspection device is used for inspecting the documents.

The means of transport must be checked in the same manner. The vehicle type and the vehicle registration number must be checked to ensure that they match the details given in the advance shipping notice. If any discrepancies arise, an explanation must be requested from the transport company. The agreed communication channels must be used for any inquiries. If no plausible explanation is given, the consignment should not be entrusted to the driver and the police should be called if necessary. If a plausible explanation is forthcoming from the transport company, the consignment node should be changed accordingly and the customer should be notified.

At this point at the latest, the following data should be recorded if notification has not already been received:

- full name of the driver, nationality, color copy of the driver's personal identification documents,

- color copy of the driver's driving license,
- official contact data (e.g. mobile phone number) for the driver, vehicle license number, state of registration and type designations of the means of transport, (e.g. semitrailer tractor unit of type sampleTractor 1234, AB-CD 1234, Germany / trailer type: SampleTrailer5678, EF-GH 9012, Germany),
- color copy of the vehicle documents (vehicle identification number).

An interface check should be carried out when the consignment is handed over. During this check, the goods should be checked for the following in accordance with Section 7 of the German Freight Forwarders' Standard Terms and Conditions (ADSp):

- completeness and identity,
- any apparent damage and whether the seals and fastenings etc. are intact.

If possible, a photograph or video should be taken of the driver and vehicle. This should be of a sufficiently high resolution and should be archived. The photo / video should allow unambiguous recognition of people and vehicles. Any national statutory requirements with respect to data protection must be observed when personal data is collected.

Once the consignment has been handed over, the recipient should be informed of the expected delivery date. If the journey is unbroken or direct, the details of the driver and vehicle should also be passed on to the recipient.

Those employees of the sending party who are responsible for loading should have been informed of the risk of embezzlement of truck consignments and should have been given special training with respect to the preventive measures. As a general rule, goods should be handed over with due care, but also with the necessary sensitivity.

From the perspective of the driver

Any irregularities identified during inspection at transshipment points, such as damage or a discrepancy between the actual number of pieces of cargo and that declared in the consignment note, should be noted by the driver in the consignment note and countersigned by the sender. The recipient should also be informed that such irregularities have been noted.

6 Delivery of the goods

From the perspective of the client

The customer should check that the agreed delivery dates are met. If the driver cannot meet the delivery date, the transport company should be asked to provide an explanation. If no plausible explanation is given, the police should be contacted immediately.

From the perspective of the driver

If the place of delivery is changed by the purported recipient, the driver or the transport company should request instructions from the customer

confirming the place of delivery. If it is uncertain whether the purported recipient is bona fide, the driver should proceed to the original delivery location and, if necessary, contact the police

Before handing over the goods to the recipient, the driver should reliably check the identity of the recipient by means of their official identity card. If there is any uncertainty with respect to the place of delivery or the identity of the recipients, the consignment should not be unloaded and the customer should be contacted for further instructions.

An interface check should be performed when handing over the consignment to the recipient. The results of this should be noted in the consignment note and countersigned by the recipient.

From the perspective of the recipient

In order to be able to trace any irregularities during transportation, the identity of the driver should be reliably determined on the basis of his official identity card and compared with the data received in the advance shipping notice.

If any discrepancies arise, an explanation should be requested from the transport company. If no plausible explanation is forthcoming, the quantity and condition of the packages should be checked particularly stringently during the interface check. In addition, the load units should be separated in order to check the packages. If any packages are missing or do not have the correct contents, the police should be notified.

The recipient should inform the customer that transportation has been completed correctly and of any irregularities.

7 In the event of loss

Every case of fraudulent theft of a consignment should always be reported to the authorities. Many cases involve organized fraud, where gangs of offenders have a network for selling the goods using receivers ("fences"). Any suspicion to this effect should be reported to the appropriate authorities.

The following data should be made available to investigators to support them in their investigations:

- full name of the driver, nationality, color copy of the driver's personal identification documents,
- color copy of the driver's driving license,
- sufficiently high resolution photos/videos of the driver and the vehicle,
- consignment note,
- identification numbers / serial numbers of the goods,
- official contact data (e.g. mobile phone number) for the driver, vehicle license number, state of registration and type designations of the means of transport, (e.g. semitrailer tractor unit of type sampleTractor 1234, AB-CD 1234, Germany / trailer type: SampleTrailer5678, EF-GH 9012, Germany),

- color copy of the vehicle documents (vehicle identification number).

8 Conclusion

These loss prevention tips are intended to help prevent or effectively clamp down on fraudulent theft. In addition, further measures should be taken to prevent theft during the actual transportation process.

Offenders are flexible and inventive when it comes to developing new modi operandi. No contract should therefore be awarded to transport companies whose reliability is in doubt and if one's personal assessment of the entire scenario is negative.