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Fraud in the Transportation Industry Webinar

Presented By C. Fredric Marcinak and D. Lesesne Phillips
Moseley Marcinak Law Group, LLP

Overview

- ▶ Scenario
 - ▶ Identity Theft in Transportation Industry
 - ▶ Examples of Documents
 - ▶ Steps to Take
 - ▶ Q&A
- 

Scenario

- ▶ Broker receives call from Motor Carrier
 - ▶ Need to get paid
 - ▶ Never done business with Motor Carrier
 - ▶ Motor Carrier Submits Rate Confirmation with your MC Number and Letterhead
- 

Identity Theft


- ▶ Begins with a Real Broker that has a real load
- ▶ Real Broker posts load on Load Board
- ▶ Identity Thief poses as a Motor Carrier and books load
- ▶ Identity Thief poses as a Broker and double brokers load to a Real Motor Carrier



What's the Problem?

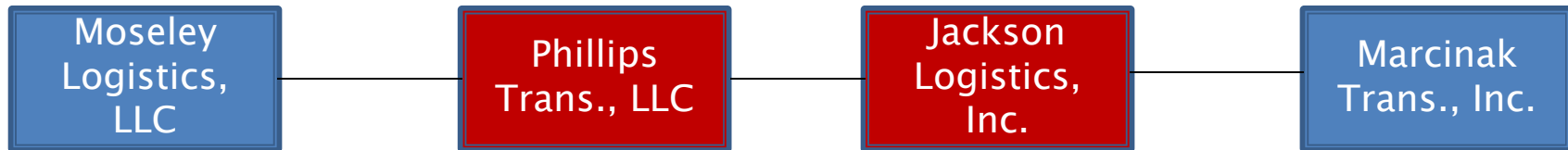
- ▶ If all goes according to Identity Thief's plan, load is shipped and consignee receives load
- ▶ Issue:
 - Real Motor Carrier that delivered the load is not paid
 - Identity Thief could decide to redirect route

What does Identity Thief Get?

- ▶ Fuel Advance
 - ▶ Quick Pay
- 


Additional Complications

- ▶ Real Broker and Real Motor Carrier do not know who each other are




- ▶ Real Freight Rate is usually much lower than Identity Thief's Freight Rate


Red Flags for Motor Carriers


- ▶ Broker asks Motor Carrier to identify themselves as a Motor Carrier under a different name, and this different name is on BOL or rate con
 - ▶ Motor Carrier questions the destination of the load and Broker says it is a “blind load”
 - ▶ Broker is quick to agree in paying Motor Carrier more money
 - ▶ Freight Rate too good to be true
- 

Red Flags for Brokers


- ▶ Motor Carrier insists on Fuel Advance or Quick Pay
 - ▶ Motor Carrier refuses to give driver updates
- 

Examples of Rate Confirmations Used by Identity Thieves


| Rate Confirmation | | | | | | | | | | | | | | | | | |
|--|---|---------------|---------|-----------|---------|------------|---------|------|------|--|-------|---------------|----|--|-------|------------|---------|
|  <p>BARCA LOGISTICS INC 12814 VICTORY BLVD, SUITE 182 NORTH HOLLYWOOD, CA 91606 Phone: (877)-393-5078 Fax: (877)-393-5078</p> | | | | | | | | | | | | | | | | | |
| <p>To: KING ROAD LOGISTICS LLC MC #: 981706 Please Refer To This # On Invoice: 80609 ELISA (915)-867-0646</p> | | | | | | | | | | | | | | | | | |
| <p>Special Instructions: THANK YOU ELISA, PLEASE CALL HENRY AFTER HOURS IF NEEDED AT 323-952-0483</p> | | | | | | | | | | | | | | | | | |
| <p>FLAT: \$2,100.00 Net Pay: \$2,100.00</p> | | | | | | | | | | | | | | | | | |
| 1 | <p>Pick-up</p> <table border="1"> <thead> <tr> <th>Facility</th> <th>Phone</th> <th>P/U RPO #</th> <th>Pallets</th> <th>Pcs</th> <th>Wgt</th> <th>Date</th> <th>Time</th> </tr> </thead> <tbody> <tr> <td>PRATT RETAIL 9209 OLD HICKORY TRAIL DALLAS, TX 75237</td> <td>() -</td> <td>8TX929291700</td> <td>34</td> <td></td> <td>16000</td> <td>09/29/2017</td> <td>8am-5pm</td> </tr> </tbody> </table> <p>Description: BOL</p> | Facility | Phone | P/U RPO # | Pallets | Pcs | Wgt | Date | Time | PRATT RETAIL 9209 OLD HICKORY TRAIL DALLAS, TX 75237 | () - | 8TX929291700 | 34 | | 16000 | 09/29/2017 | 8am-5pm |
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| <p>1) ALL DRIVERS MUST CALL FOR DISPATCH!! 2) WE REQUIRE A CHECK CALL FROM ALL DRIVERS OR DISPATCHERS BETWEEN 6AM TO 10AM PACIFIC 3) PLEASE REFER TO "PRO NO" ON BILLING 4) FAILURE TO REPORT ANY OVERAGE, SHORTAGE OR DAMAGE WITHIN 24 HOURS WILL RESULT IN A \$100 FINE. 5) DRIVER MUST HAVE A MINIMUM OF 2 LOAD LOCKS TO SECURE THE FREIGHT. 6) DIRECTIONS SUPPLIED BY BARCA LOGISTICS, INC OR ITS CUSTOMERS EITHER ORALLY OR WRITTEN ARE FOR INFORMATIONAL PURPOSES ONLY. 7) FAILURE TO RETURN WITH FULLY LOADED TRUCK OR INCOMPLETE ORDER WILL RESULT IN A REDUCED PRO-RATED FEE.</p> <p>***DO NOT SEND YOUR TRUCK TO LOAD BEFORE THIS IS SIGNED AND EMAILED TO BARCA LOGISTICS, INC. CARRIER AGREES FOR THE ABOVE RATE CARRIER WILL PERFORM TRANSPORT SERVICES FOR BARCA LOGISTICS, INC. CARRIER AGREES AND UNDERSTANDS THAT THIS CONTRACT IS NOT A "TRIP LEASE" AND THAT CARRIER IS AN "INDEPENDENT CONTRACTOR" WITH ITS OWN ICC OPERATING AUTHORITY. CARRIER UNDERSTANDS THAT ALL PERMITS AND TAXES ARE ITS SOLE RESPONSIBILITY. CARRIER AGREES THAT IT MAINTAINS ITS OWN CURRENT CARGO, LIABILITY, AND COMP INSURANCE. AN ORIGINAL CERTIFICATE OF INS. NAMING BARCA LOGISTICS, INC AS A CERTIFICATE HOLDER, A COPY OF ICC AUTHORITY AND THIS CONTRACT MUST BE ON FILE BEFORE PAYMENT DATE!</p> <p>**** BARCA LOGISTICS DOES NOT OFFER QUICK PAY OR FUEL ADVANCE **** **** BARCA LOGISTICS PAY TERMS ARE WITHIN 30 BUSINESS DAYS **** **** REMIT PO# , BOL, BARCA LOGISTICS RATE CONFIRMATION AND INVOICE TO: BARCAPAYABLES@GMAIL.COM ****</p> | | | | | | | | | | | | | | | | | |
| <p>Special: KING ROAD Commodity: BEVERAGE Equipment: 53 VAN TEMP:</p> | <p>Truck # : Trailer # : Driver: Cell # :</p> | | | | | | | | | | | | | | | | |
| <p>Signature: _____ Name: _____</p> | <p>Customs Brk: Phone: Fax: HazMat: False</p> <p>Title: _____ Date: _____</p> | | | | | | | | | | | | | | | | |
| <p>Please sign and fax back to: Dr. Dispatch Software - www.drdispatch.com Quick Ref: KING ROAD LOGISTICS LLC Quick Ref: (915) 241-2989</p> | | | | | | | | | | | | | | | | | |

| Rate Confirmation | | | | | | | | | | | | | | | | | |
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| <p>To: BELALIA ENTERPRISES INC MC #: 819648 Please Refer To This # On Invoice: 80787 CHANTAL (915)-561-0641</p> | | | | | | | | | | | | | | | | | |
| <p>Special Instructions: THANK YOU JESSICA.</p> | | | | | | | | | | | | | | | | | |
| <p>FLAT: \$1,900.00 Net Pay: \$1,900.00</p> | | | | | | | | | | | | | | | | | |
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| <p>Signature: _____ Name: _____</p> | <p>Customs Brk: Phone: Fax: HazMat: False</p> <p>Title: _____ Date: _____</p> | | | | | | | | | | | | | | | | |
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Motor Carrier Prevention


- ▶ Check Telephone Numbers on FMCSA Website
 - ▶ Internet Search on Broker
 - ▶ If Book Load, Check Bill of Lading
 - ▶ Sign Bill of Lading with Driver Name, Company Name on side of Truck, and MC Number at Pickup
- 

Broker Prevention


- ▶ Check Telephone Numbers on FMCSA Website
 - ▶ No Fuel Advance or Quick Pay for first-time loads with new Motor Carriers
 - ▶ Internet Search of Motor Carrier
 - ▶ If Delivery check Bill of Lading
 - ▶ Request Picture of the Truck at the Shipper's facility to confirm MC Number on side of truck before truck leaves with cargo
 - ▶ Get information from Motor Carrier on Driver including picture of Drivers License
- 

Back to Scenario – Broker

▶ Next Steps:


- Report to Law Enforcement
 - File Complaint with FMCSA National Consumer Complaint Database
 - Get Word Out
 - Check your online presence
 - Connect Real Motor Carrier with Real Broker to facilitate payment
 - Alert Insurance
- 

Other Types of Fraud

- ▶ **Cargo Theft**
 - Identity Thief poses as a Motor Carrier
 - ▶ **Driver Identity Theft**
 - Identity thief gets driver's vehicle number, license plate number, and driver's name and asks dispatch for fuel advance or repair advance
 - ▶ **Fake Towing**
 - Demand money for tow that never occurred and state they will not release the truck until payment received
 - ▶ **Freight Forwarder Scam**
 - Identity thief poses as Freight Forwarder and then withholds Bill of Lading preventing Goods to Leave Port of Destination
- 

Other Types of Fraud

▶ Fake “Customer”

- Customer completes LTL carrier application using false info and “references” on phone numbers/emails it controls
 - “Customer” acts as a broker, gets rate quotes from carrier, then quotes artificially low rates to the real cargo owner.
 - “Customer” ships freight, collects charges from cargo owner, never pays carrier.
 - After a few shipments, moves on to next carrier.
 - USA v. Ramin Razzi, 2018: four years in prison for mail/wire fraud
- 

Questions



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