

FRAUD PREVENTION TIPS



- ▶ Fraud in the logistics industry has increased exponentially. Cargo theft, document forgery, false claims, double-broking scams and cyberattacks have become common threats. It is crucial for companies to adopt proactive measures to protect themselves.
- ▶ It's important to have comprehensive Shipper's Interest and/or Professional Liability insurance that covers dishonest acts of carriers & third parties. A robust Cyber Insurance policy is equally critical in today's digital landscape. Review your insurance policies to verify your coverage.
- ▶ Reach out to your Avalon representative to discuss the best options to protect your business.

These compiled tips and suggestions may not prevent every fraudulent circumstance. These recommendations should not be construed as legal advice or as a substitute for legal advice and should not be relied upon as a compliance standard. They are suggestions that may be implemented into your own policies and procedures to potentially reduce exposure to liability, theft and fraud.



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RECOMMENDATIONS TO MINIMIZE RISK EXPOSURE:

1. Encourage shippers to use generic packaging. Branded/labeled shipping cartons are attractive to cargo thieves.
2. Only be as specific as you need to be on load boards. Detailed commodity information may invite thieves to target specific shipments.
3. Have a robust and thorough carrier vetting & compliance protocol and leverage third-party services.
4. Check the carrier's address on Google Maps to ensure a physical address. A post office box could be a red flag.
5. If the carrier notifies you of a contact change, re-verify with a known point of contact. Confirm phone numbers in the SAFER system.
6. If using a search engine, many of the top returns may be fake profiles created by scammers. Verify information with multiple sources.
7. Limit the number of carriers used. Once a company becomes a trusted carrier, this should be a go-to carrier (especially for high value shipments).
8. Ask shippers and receivers to document the driver's name, company name, and MC number on the bill of lading for pickup and re-verify at receiving. Suggest that pictures of door placards, license plates, and seals are taken at pick-up & delivery.
9. Advise shippers that temporary placards on truck or trailers may be a red flag.
10. Identify fraudulent insurance certificates by looking for inconsistent fonts, spelling errors or text boxes that appear to have been altered. Verify agent phone numbers and addresses.
11. Build strong shipper and carrier relationships and be in regular communication with them.
12. Specify in contracts that carriers must notify you if they sell their MC numbers. This will provide you with some recourse if a fraudster obtains their MC number and you weren't aware the number was sold.
13. Pull the carrier's incorporation records and cross check director's names and addresses provided. Investigate discrepancies.
14. Review the FMCSA's Fraud and Identity Theft Prevention Tips at <https://www.fmcsa.dot.gov/mission/help/broker-and-carrier-fraud-and-identity-theft>

