



Freight Solutions

DAT® SPECIAL REPORT



Cargo Theft, Identity Theft, and Double Brokering

Michele Greene, Group Product Manager, TransCore Freight Solutions



Don't Be a Victim

Cargo theft, identity theft and unauthorized re-brokering are all on the increase. How can you protect yourself and your business? No amount of diligence can guarantee protection against cargo theft or double brokering, but you can minimize your risk by screening carriers with whom you do business carefully to avoid bad players and to safeguard your business. A few extra minutes spent in the carrier validation process can help you avoid damage to your reputation and the huge financial costs that cargo theft and double brokering can cause.

Cargo Theft Facts

According to the CargoNet 2010 United States Cargo Theft Report:

- There was a significant increase in cargo thefts from 2009 to 2010
- Major ports are prime targets for cargo theft activity
- Highway rest stops are frequently high-risk areas
- Highest occurrence of cargo theft occurred in California, followed by Texas and New Jersey
- Instances of cargo theft increase when the economy is weak
- Long distance deliveries (> 450 miles) are most vulnerable to cargo theft
- There are significantly more thefts on weekends than weekdays
- In 2010, three commodities accounted for 40% of the cargo thefts
 - Electronics - 17%
 - Beverages and foodstuffs - 13%
 - Apparel and accessories - 10%
- Although not the most frequently stolen, the biggest dollar value losses were in pharmaceuticals

When it comes to cargo theft, not all loads carry equal risk. Be extra vigilant when you are dealing with a high-risk commodity, like electronics, that can be easily fenced. You should also pay special attention to loads that are left unattended over the weekend (Friday through Monday) since these are at higher risk.

Give High-Risk Freight to Carriers You Know Well

If you are arranging the transport of a truckload of flat screen TVs, it is probably best to award the load to a reputable carrier who has worked with you successfully, even if it costs a little more. Consider imposing a probationary period of six months or more with new carriers, to measure their performance and reliability before awarding them high-risk freight from your best shippers.

Raise Your Carrier Qualification Standards

When qualifying carriers for high-risk freight, you should probably require a higher level of insurance. Consider adding other requirements, as well. For example, a carrier that has installed satellite tracking equipment can often find a stolen trailer before the freight disappears. You should also increase the frequency of check calls so that you are in regular contact with the driver.

Although theft occurs from carriers of all sizes, you are probably safer with a larger, more established fleet than a smaller company. That is because a larger and more established carrier will be better able to handle the claims process than a smaller one, if there is a theft involving one of their trucks.

Be Cautious With New Carriers

While the vast majority of new carriers are legitimate businesses, you are definitely increasing your risk when you use a carrier with brand new authority (MC numbers beginning with 7). It is difficult to get an accurate financial picture of a really new carrier. If you choose to use a carrier that has been in business for less than six months, be sure to collect and check at least three business references.

Keep Records for the Carriers You Use

It is not unusual for carriers with less than desirable business practices or safety records to deliberately ditch their old authority and start with a clean slate under a new MC number. The FMCSA calls these “chameleon” carriers. One way to identify a chameleon carrier is to compare their contact name, phone number and address with companies you have done business with in the past. If you keep good records, you can sometimes spot these re-incarnations. You can also subscribe to a service that provides this search capability across all DOT-certified carriers, such as TransCore’s CarrierWatch®.

Chameleon carriers will frequently have two or three prior MC numbers located at the same address. If these inactive MC numbers show a history of involuntary revocations, this could be a sign of financial instability.

While investigating a specific case of cargo theft in southern California, TransCore’s compliance officer found that the carrier involved shared an address in San Diego with no fewer than 148 other MC and MX numbers. This is also the address of a registration and insurance service. Some of the carriers listed at this address also share phone and fax services. While there is no proof of wrongdoing by the carrier in this particular case, these conditions do not inspire confidence.

Always Verify Contact Information

Cargo thieves will sometimes pretend to represent a legitimate carrier as a way to gain your trust. It is therefore important to verify that the person you are dealing with is a bona fide representative of the carrier. If the carrier makes initial contact with you, take a look at their caller ID. If necessary, verify their authenticity with a return phone call to the phone number listed by the FMC-SA, and ask for your contact by name. If they can't be found, you will know that there is an issue.

Verify Insurance with the Agent

With today's computer technology, it is easy to doctor up an insurance certificate that looks legitimate. Some thieves will even provide you with the phone number of their "insurance agent" for verification purposes. This phone number inevitably belongs to an accomplice. You should never accept an insurance certificate from a carrier. Always insist on a certificate directly from the insurance agent or from a trusted third-party provider such as TransCore's CarrierWatch. Verify that the agent's phone/fax number actually belongs to an insurance agent, using a reverse phone lookup. Never accept confirmation of coverage from someone on a cell phone because you cannot verify that person's identity.

Avoiding Double Brokering

One of the ways to avoid double brokering is to make sure that you talk to the driver. That way you can ask him directly for the name and number on the side of the truck and verify that he is employed by the carrier you have hired. Some carriers will give freight to drivers that are supposedly "leased on" but are in fact driving under their own authority and insurance. If this is the case, you may be grossly under protected.

If you have a good relationship with the shipper, ask them to check the name and number of the carrier before loading. Tell the carrier that you intend to do this, and you can flush out anyone intending to re-broker the load.

Use the Power of the Network

Transportation Intermediaries Association members also have the option to check out any carrier on the TIA Watchdog website and should definitely take advantage of this service. It can alert you to any problems that other members have experienced with the same carrier. Many of the MC numbers reported on Watchdog are no longer active, which confirms that this reporting is effective in stopping unethical carriers. Other sites you can check include Transportation Industry Reports (www.transportationindustryreports.com), and the TransCore Registry.

About TransCore Freight Solutions:

TransCore Freight Solutions serves brokers, carriers, owner-operators and shippers in the United States and Canada with best-in-class products. Load boards include Loadlink in Canada and TransCore 3sixty™ powered by the DAT® Network in the United States, which has set the industry standard for the spot freight marketplace since 1978. TransCore provides Keypoint® transportation software, the most popular broker logistics software, fleet compliance, distribution and intermodal services, as well as TransCore CarrierWatch®, automated carrier safety and insurance monitoring and TransCore Truckload Rate Index™ for spot and contract markets rates. TransCore's asset tracking and in-cab communications solutions feature the industry's fastest response times and state-of-the-art satellite networking.

Michele Greene, Group Product Manager, TransCore Freight Solutions

For the past eleven years at TransCore and its predecessor, DAT Services, Michele Greene has been instrumental in the development of software-based solutions for transportation companies. As the primary force behind TransCore's CarrierWatch, Michele put technology to work, to streamline the due diligence process and reduce the risks associated with carrier qualification. Michele became a Certified Transportation Broker in 2005 to improve her understanding of the challenges faced by brokers and other intermediaries.



For more information about CarrierWatch, contact a professional sales representative today. Call **800.474.8056** or visit TransCoreFreightSolutions.com

