The Ever-Evolving Threat of Fraud and Theft

Moderator: Mark Yunker, Vice President, Ahmann-Martin

Panelists:
Scott Cornell, 2vp, Inland Marine, Crime & Theft Specialist, Travelers
Keith Lewis, Vice President of Operations, CargoNet
The Ever-Evolving Threat of Fraud and Theft

Scott Cornell
2vp, Inland Marine, Crime & Theft Specialist
Travelers
The Ever-Evolving Threat of Fraud and Theft

• Understanding the industry

• Understanding the numbers

• Knowing the landscape
The Ever-Evolving Threat of Fraud and Theft

• Straight Theft

• Strategic Theft
The Ever-Evolving Threat of Fraud and Theft

• Fictitious Pick ups

• Identity theft

• Misdirected Loads
How many of you have a system in place for vetting carriers that takes the types of theft scenarios we just discussed into account?
How many of you have a system in place for vetting carriers that takes the types of theft scenarios we just discussed into account?
How many of you have either been a victim of one of these types of theft or had an attempt of this kind made that you were able to stop before the theft occurred?
How many of you have either been a victim of one of these types of theft or had an attempt of this kind made that you were able to stop before the theft occurred?
How many of you have a documented plan in place to respond to these types of theft?
How many of you have a documented plan in place to respond to these types of theft?
The Ever-Evolving Threat of Fraud and Theft

Keith Lewis
Vice President of Operations
CargoNet
Link Chart

Tire Company had a legitimate driver go buy the tires from "Bad Guys"

Sold to Tire Company

Re-Brokered

Tires 12/21/2015

Identity Theft

Fish 3/2/2016

Liquor 3/2/2016

Identity Theft

Appliances 3/3/2016

Appliances 2/17/2016

Identity Theft

Paid Ceo Of Tire Company Son

Transloaded the cargo on the side of the road in front of two distribution centers

BAD GUYS

Nuts 12/15/2015

Nuts 12/17/2015

Nuts 12/18/2015

Re-Brokered

Bought by Suspect 1

Re-Brokered

Bought by Suspect 1

Re-Brokered

Sold to Food Distributor

Identity Theft

Re-Brokered

Unknown

Driver who picked up the Almonds is related to the CEO of the Tire Company

Toys 12/18/2015

Used "Bad Guy's" Tractor and Trailer

TIA2016
California FPU group

Broker (Victim)

Steve Avetyan

Royalty Capital

All States

Hovhannes Muradkhanyan

V&H

Re-brokered. Factored through RC

Re-brokered to ethnic bound carrier
Modus operandi

• Bad Guys used their own trucking company for the 6 thefts ranging from 12/15/2015 to 12/21/2015

• All of the above mentioned thefts were trans-loaded in broad daylight in front of two legitimate distribution centers

• The 5 thefts that ranged from 2/17/2016-3/3/2016, were set up under a legitimate carrier’s identity and re-brokered to legitimate trucking companies. Then legitimate carrier plays the victim

• The 5 thefts were dropped off in front of a separate warehouse, again in broad daylight.

• The 3 appliance thefts, 1 toy theft, and 1 nut theft were all picked up using the bad guy’s tractor and trailer.

• The second warehouse location is also connected to a fictitious pick up that occurred in September 2015.
Modus operandi

• Ethnic-bound organized crime group.
• Operating legitimately since 2008.
• Cargo is being sold to individuals, companies, and they are being exported to the Middle East.
• Bad Guys are able to produce fraudulent documentation using fake names and/or names of people who are in the U.S. on a temporary visa
• Operate through random addresses and/or a PO BOX.
• Have distinct accents, but very American aliases “Jack, Brian, Gary, David”.
• They are unsuspected because they use legitimate companies and drivers.
• Everyone assumes “The driver did it”.
• Broker is liable.
GPS Successes

• A shipment of copper was brokered out by a carrier who had no drivers at the shipment’s origin point. During the transportation of the goods, the shipment left it’s designated route fence and stopped in Queens, NY. GPS Provider reacted to the route exit and stationary alerts and determined with guidance from the shipper that a law enforcement presence was needed. GPS Provider was able to dispatch police to the scene and GPS Provider’s law enforcement liaisons. Upon visual inspection of the shipment, all goods were intact, shortly after the driver was located in the cab of the tractor soliciting illegal companionship. The carrier dismissed the driver and had the shipment picked up and delivered to the destination location on time.

• A shipment of high value cosmetics moving through the northwest left its designated route fence and was headed to the USA/ Canadian border. The GPS Provider engaged law enforcement and stopped the shipment 30 miles from the border crossing. Both drivers expressed that their GPS had given them incorrect instructions. The shipper and carrier agreed to have the drivers continue with there shipment. The detour impacted the drivers DOT hours and resulted in the shipment staying stationary outside of an approved route overnight and delayed the delivery of the shipment by 22 hours.
GPS Failures

Load brokered to small carrier. Spot hire on new driver. Driver picks up shipment of vacuum cleaners near Atlanta. Shipper hands un-vetted driver GPS unit which was inside express mail envelop. Instructs driver to place inside trailer. On the way to the adult entertainment location, driver throws envelop out of the window onto Fulton Industrial BLVD. Driver and cargo still missing since 2014. Trailer recovered empty.
GPS Failures

Copper shipment brokered to small carrier. Covert GPS placed in load. GEO fence was the entire route (<1M radius off highway). Load stolen and transferred to bad guy trailer. Bad guys found the not-so covert GPS unit. Bad guys returned trailer and GPS. Discovered empty by driver prior departure. Load was recovered in Miami by GBI and MDPD.
GPS Jammer Intelligence

• GPS jammers are frequently being used by S. Florida cargo theft crews. The FBI has provided CargoNet with a document to share to our members about GPS jammers.

• The GBI and Lojack SCI tested numerous jamming devices on a loaded trailer. The jammer will interrupt intermittently only if the covert device is placed in the front of the trailer.

• The FBI has released their official opinion on jammers. In short, jammers will be the norm vs. the exception.
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Mark Yunker
Vice President
Ahmann-Martin
### CERTIFICATE OF LIABILITY INSURANCE

**Acord Date:** 01/10/2015

**Producer:**
- Name: Roberto Concepcion
- Address: info_certificates@yahoo.com
- Phone: (954) 218 3164
- Fax: (954) 218 3138

**Insured:**
- Name: MDG Family Transport Corp
- Address: 1529 SW 7TH STREET APT 8
- City: Miami
- State: FL
- Zip: 33135

**Producers:**
- National Indemnity Inc.
- Progressive Express Insurance Co.

**Coverages:**

<table>
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<tr>
<th>INSURED</th>
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<th>INSURED LIMITS</th>
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<tr>
<td>MDG FAMILY TRANSPORT CORP</td>
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**Revisions:**

- **Revision Date:** 01/10/2016

**General Liability:**
- Each Occurrence
- Property Damage
- Medical Payments
- Personal Injury
- General Aggregate
- Products-Completed Operations

**Automobile Liability:**
- Each Occurrence
- Property Damage
- Bodily Injury
- Personal Injury
- General Aggregate
- Excess Liability

**Workers Compensation and Employers Liability:**
- Each Accident
- Each Employee
- Accident

**Motor Truck Cargos:**
- Limit 100,000 Ded 1000
- Reefer Breakdown 2500
# Certificate of Liability Insurance

**Issued By:**
- **Name:** USA SIMMONS
- **Address:**
  - 150 SHADOWLAND AVE
  - LANCASTER, PA 17605
- **Phone:** 693-740-5788
- **Fax:** 693-740-5799
- **Email:** USAINS@GMAIL.COM

**Insured:**
- **Name:** F & S TRUCKING, INC
- **Address:**
  - 298 ROOSEVELT DRIVE
  - ROSSDALE, WI 24184

**Coverage Certificate Number:** 365822068006

**Revision Number:**
- **Date:** 08/05/2015
- **Priority:** 07/28/2015
- **Limit:** 1,000,000

### General Liability

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### E & O Liability

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### Cargo

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**Description of Operations:**
- **Location:**
  - 298 ROOSEVELT DRIVE
  - ROSSDALE, WI 24184

**Certificate Holder:**
- **Name:** USA SIMMONS
- **Address:**
  - 150 SHADOWLAND AVE
  - LANCASTER, PA 17605
- **Phone:** 693-740-5788
- **Fax:** 693-740-5799
- **Email:** USAINS@GMAIL.COM

**Cancellation Notice:**
- **Date:** 07/28/2015
- **Limit:** 200,000

**Additional Information:**
- **Refrigerator Breakdown/2,500 Deductible**
- **Cargo 200,000**
## GENERAL INFORMATION

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<tr>
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### COMMODITIES
- General Freight
- Refrigerated Food

### SPECIAL COMMODITIES

<table>
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<td>PASSenger</td>
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<td>HHG</td>
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<table>
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<tr>
<th>DOT ACTIVE/PENDING INSURANCE AS OF 12/28/15</th>
<th>SOURCE: FMCSA</th>
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<td>91X / BIPD</td>
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<tr>
<td>POLICY/SURETY</td>
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<td>Insurance CARRIER</td>
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<tr>
<td>PIA07052504</td>
<td>CANAL INSURANCE CO.</td>
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<td>CONTACT</td>
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<tr>
<td>$0</td>
<td>AGENT SUPPORT</td>
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<td>COVERAGE TO</td>
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<td>$750,000</td>
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**NOTE:** If a carrier is in compliance, the amount of coverage will always be shown as the required Federal minimum ($5,000 per vehicle, $10,000 per occurrence for cargo insurance, $70,000 for bond/trust fund insurance for brokers and freight forwarders). The carrier may actually have higher levels of coverage.
CERTIFICATE OF LIABILITY INSURANCE

PRODUCER
Rig Quote Insurance Agency, LLC
159 W Broadway #101
Salt Lake City, UT 84101

INSURED
Nicole Shawmaker DBA Deer Country CO
101 Cedar St.
Niwot, CO 80503

INSURANCE OFFERING COVERAGE

NAME AND ADDRESS

CERTIFICATE NUMBER
07/21/21-0

START DATE
07/11/2021

ID
17721721-0

INSURER:
Artisan and Truckers Insurance Company

COLUMNS

A

ARBITRARY LIABILITY

ANY AUTO
07/11/2021

EXCERNED KNOWLEDGE

07/11/2021

GENERAL LIABILITY

COMMERCIAL GENERAL LIABILITY

COMMERCIAL AUTOMOBILE LIABILITY

EXCESS AUTO LIABILITY

INSURERS LIMIT

1,000,000

Deductibles:

EACH OCCURRENCE $5,000

SINGLE OCCURRENCE $10,000

PERSONAL INJURY

GROSS LIMITS

$100,000

LIMITS

A

Cargo

Broad Form

07/11/10

05/17/11

$100,000 with $1,000 deductible.
This Permit is evidence of the carrier’s authority to engage in transportation as a contract carrier of property (except household goods) by motor vehicle in interstate or foreign commerce.

This authority will be effective as long as the carrier maintains compliance with the requirements pertaining to insurance coverage for the protection of the public (49 CFR 367) and the designation of agents upon whom process may be served (49 CFR 368). Failure to maintain compliance will constitute sufficient grounds for revocation of this authority.

Service must be performed under a continuing agreement with one or more persons.

Jeffrey L. Scarsi
Chief
Information Technology Operations Division

NOTE: Willful and persistent noncompliance with applicable safety fitness regulations as evidenced by a DOT safety fitness rating of “Unsatisfactory” or by other indicators, could result in a proceeding requiring the holder of this certificate or permit to show cause why this authority should not be suspended or revoked.

PMD
On 12/28/15 we received a call from a person claiming to be Frank Simpson with F&S Trucking, INC. He was looking at a load we had posted in South Texas. We determined a rate and sent "Frank" a carrier pack to fill out. "Frank" filled out our carrier pack and sent his W9, Authority, references, and certificate of Insurance back. The certificate of insurance was not in our name so we contacted the insurance company, they sent us a copy listing our company as the certificate holder. We called his references and they checked out as well. We noticed the phone number in carrier watch did not match the number "Frank" had listed in the carrier pack we received. We called the number in carrier watch to verify but the number went to voicemail which was full( I called this afternoon and it is now disconnected). We asked "Frank" about this and he said he is a one man show and the number he was calling on and listed in the carrier pack is his cell number. The email address he used is fandstruckinginc@gmail.com, this email came across as Frank Simpson so everything seemed to check out. We sent "Frank" the confirmation and later confirmed with him that he was at the first pickup getting load, he said he was. He wanted an advance but we told him we would need to see a signed copy of the BOL before issuing an advance. He called our afterhours number later in the evening for his advance and sent a text message with a copy of the BOL from the 2nd pick up which listed the shipper and the items that were to be loaded. We issued a T-Check for $878.05($880 for T-Check, $1.95 fee).

When we arrived to work on the morning of 12/29/15 our customer informed us that the load was not picked up, we presented them with a copy of the BOL which they showed the shipper. The shipper said the BOL was a fraudulent copy and the product was still on their dock. We checked to see if the T-Check was cashed, it showed cashed in Las Vegas, NV on the night of 12/28/15.
Do you think that shippers and consignors should play a role in combatting fraud and theft?
Do you think that shippers and consignors should play a role in combatting fraud and theft?
What role do you see shippers and consignors playing to combat fraud and theft?
What role do you see shippers and consignors playing to combat fraud and theft?
How do you get shippers and consignors to understand that they can play an important part in protecting their valuable property?
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