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Risk assessment of fraud in the transport and logistics business

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While developing business plans and other projects related to transport and logistics activities, it is advisable to take into account the cost of control measures to reduce the risks associated with fraudulent actions of carriers, customers, dispatchers and third parties. The main, most common types of fraud in the transport and logistics business, and the basic measures for prevention or elimination of their consequences are considered.

Analysis of current practice shows that among the most common fraudulent schemes are:

- 1) a fictitious carrier;
- 2) hacking of the company's page on exchange for freight orders;
- 3) non-payment of transportation;
- 4) double payment for transportation;
- 5) fictitious (paper) transportation;
- 6) fictitious loss of cargo;
- 7) disappearance of the carrier after prepaying

Usually, the organizers of the "false carrier" scheme are a group of fraudsters. They buy a limited liability company with a clean history. The directors will be figurehead. The company changes its activity type to freight transportation and hires drivers. This is followed by registration on the exchange for freight orders. Several transportations are carried out in good faith. Positive reviews appear. The company comes into the "zone of reliability". An image for receiving a large order has been created.

Having received a large order, the company connects its entire fleet of vehicles to the deal: 5-7 trucks and up to 10 semi-trailers. Even experienced freight forwarders, when transferring an order to such a carrier, are confident in its reliability. The company was not created yesterday. There are ratings on the site, a large fleet of vehicles, etc. Up to 5 cars are loaded at the same time under a large order. During the execution of the order, the drivers do not get in touch. For a couple of days the figurehead director keeps in touch. But then he also disappears. In such cases the main

claims are made to the freight forwarder. He compensates for the cost of the cargo itself and customs payments.

Very often fraudsters resort to services of experienced hackers. With the help of hackers, they break into the pages of companies with a good rating. In another version, the page is accessed through the employees of the carrier company, both former and current. While such unauthorized use, the freight order is taken, but fraudsters arrive for loading and the cargo also disappears.

The main reason for not paying for the performed transportation is the reluctance of carriers to defend their rights in court. Those carriers who decide to turn to a lawyer for representing their interests in court often face a problem caused by the prevailing stereotype. It consists in the fact that the carrier, as a rule, does not require the dispatcher to provide documents confirming his solvency. The person signing the documents has the corresponding powers.

The consequences of non-payment for the performed carriage for the carrier and the dispatcher are very different. The dispatcher does not receive the profit which he counted on. The carrier bears the direct losses in addition to the lost income. They are associated with the need to buy fuel, pay the driver's wages, depreciation and other items of expenditure.

The most radical method of protecting carriers from non-payment is the complete refusal to transport goods with a deferred payment. This is a completely feasible measure. The tradition in which a carrier carries cargo, spending his money on the transportation of someone else's cargo, and then waits and begs for honestly earned money, is absolutely irrational. It is usually not difficult to collect payment for the performed transportation, if the necessary documents are available. It is much more difficult to get your money from the debtor. In fact the majority of dispatchers who shall pay the carrier for the rendered services are registered in the legal form of a limited liability company. The amount of the company's liability is limited by the authorized capital and the property belonging to it. The cost of all property of such companies is often less than the cost of the transportation.

In case of non-payment for the performed transportation, the optimal way to collect the debt is to contact a qualified lawyer. He professionally deals with the collection of freight charges and understands all the specifics of such claims. It is important to file a claim to the court quickly. In the presence of cash flow on the accounts of the company, the chances of collecting money increase significantly.

The opposite case to non-payment for freight transportation is double payment. The most common way is to satisfy the carrier's request to transfer payment for transportation to the bank card account, despite the fact that the application provides for payment to the current account.

A typical request to make payment to the card looks like an e-mail with the text: "Please transfer payment for the performed carriage to the bank card No. ****". If you transfer money from your card to the card indicated in the email, you may soon receive an invoice with requirement to pay for the services.

Some carriers whose email account was discredited, bring debt collection to the court and often win it. A fraudster can be either the one with whom you entered into an agreement or an unknown person who hacked your partner's email account. Be careful, regularly check your email account login history, enable double

authorization to log into your mailbox - this will prevent fraudsters from hacking your mailbox and using it for their own purposes.

To receive payment for transportation, you must prove the fact of its execution. The confirmation is the bill of lading. Knowing this, the fraudsters organize a fraud-scheme in 4 stages:

- 1) a customer calls the freight forwarder and asks to arrange the delivery of goods;
- 2) after the cargo appears on the profile Internet resources, the forwarder calls a carrier who is interested in this offer;
- 3) a contract is concluded, the carrier "is transporting the goods";
- 4) the carrier sends to the forwarder a bill of lading and invoice and requires the payment.

The meaning of this scheme is that the transportation is not actually performed. The fraudster (who is both the "customer" and the "carrier") draws up two documents - an application for transportation and a bill of lading, and on their basis demands money. Frequently the cost of transportation is set low. When comparing the potential harm to the forwarder's reputation on specialized Internet resources and the size of the "debt", the forwarders prefer not to get involved in legal proceedings and pay this amount.

The fictitious loss of cargo is similar to "paper" transportation. In this case the fraudsters draw up an act on the loss of the cargo and demand from the forwarder to compensate for the damages. As a matter of fact, quite conscientious freight forwarders do the same. Fraudsters usually prefer not to go to the court; if the freight forwarder has a competent lawyer, the chances of proving the fact of the transportation and the loss of the cargo are minimal.

Most cargo transportation is carried out with a deferred payment, some trips are paid by the cargo owner or forwarder in whole or in part in advance. This is especially typical for long-distance transportation or carriage at a price significantly lower than that prevailing on the freight market at a given time. A carrier or a dispatcher, acting like a carrier to a cargo owner or freight forwarder, gets prepayment and disappears. The cargo remains by the shipper, and the "carrier" stops answering calls.

In most cases, such a nuisance can be avoided by following these simple rules:

- 1) do not trust the transportation of prepaid cargo to unfamiliar carriers or dispatchers;
- 2) work on a prepaid basis with a real carrier with whom you have signed a contract in the original. When you know all the information that may be needed to go to the court in case of unforeseen circumstances;
- 3) make an advance payment after loading the vehicle.

You can also protect yourself using the secure transactions service.

If, nevertheless, the carrier or the dispatcher disappeared after receiving the advance payment, the situation should be analyzed, the chances for the return of illegal enrichment should be assessed, and then a decision should be made on the expediency of collecting the transferred prepayment for the unfulfilled transportation.

Conclusions

Protection against any kind of fraud should be comprehensive. Cargo transportation as a business area is no exception. To protect yourself from fraudsters specializing in road freight transportations, you should be careful with the contracts being concluded, carefully check your counterparties, request at least the minimum required set of documents from them, and check the safety.

As a rule, fraudulent shipping contracts are concluded remotely. You should be alerted by the prices that have been significantly reduced. If a carrier has requested a price lower than the market price for its services, it means that an additional check on the databases is needed regarding a change of the activity type of the company or its director.

To avoid becoming a victim of fraudsters, we strongly recommend conducting a thorough background check on carriers. In order not to become a victim of fraudsters, we strongly recommend conducting a thorough check of carriers in all possible ways: requesting and checking a liability insurance policy, a full check of the company and directors for all possible databases, police databases, private detectives, lawyers.

The history of the company (re-registration, change of directors, court decisions, change of the type of activity, etc.) requires verification in order to determine the reliability of the counterparty. It is worth checking the history of a director as an individual - his loans, prosecution, etc.

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