ALWAYS LOOK A GIFT ‘TROJAN’ HORSE IN THE MOUTH

Health, Beauty and Pharmacy Loss Prevention Forum warns retailers about bogus purchase orders and invoice scam

British retailers caught up in an international ‘trojan horse’ invoice scam worth hundreds of thousands of pounds should report the sting to police and Action Fraud in the UK and not respond to threatening emails sent by suppliers who have shipped goods to bogus addresses.

This is the warning to the High Street from the Health, Beauty and Pharmacy Loss Prevention Forum, one of 11 sector-specific Retail Loss Prevention Forums facilitated by ORIS Forums representing many of the world’s biggest brands who have been targeted or impacted by the scam where their identities are falsely used to procure goods.

The scammers work by forging or replicating purchase orders from some of the UK’s biggest brands using convincing logo and letterheads and even the names and email details of senior named personnel to smooth the passage of the paperwork to a number of international suppliers.

To the untrained eye, the orders look genuine and suppliers are shipping the goods to addresses in the UK.

Healthcare brand Holland and Barrett is one of the Forum members that have had their identity ‘stolen’. The scammers have used H&B paperwork and ordered tens of thousands of pounds worth of nuts and olive oil that has then been shipped to the UK.

Security manager Martin Toomey has been dealing with a number of police forces and Action Fraud after suppliers – all of whom are not regular suppliers to H&B – have demanded payment for goods not received.

Toomey, who has also been working with the National Business Crime Solution (NBCS) which helps businesses tackle crime through centralised and collective data sharing – has acted on intelligence provided and visited a warehouse address where goods were shipped.

“I arrived at the warehouse and asked to see the manager but was then confronted by two men and a dog wanting to know why I was asking questions. I have reported this incident to the police and Action Fraud, as all retailers should, to try and build an accurate picture of illegal activity,” he said.

Toomey added: “We can identify where goods are shipped to and even arrest the carriers, but they are simply the middle men. What we want is for the intelligence to trace the masterminds behind
the scams. Retailers should always report these incidents to police and Action Fraud and although this may not result in action, ‘criming it’ provides an audit trail.

“Retailers should certainly not issue payment to the suppliers for goods not received or ordered by them and refer their paperwork to the police. These are very clever people who have provided some very good fake purchase orders to obtain goods from the suppliers. In our case, they used the name of a senior member of the executive board, but the address and email details were incorrect which is why we knew it was a fake. These people are doing their homework and we all need to be on our guard.

“I have spent many hours talking to international suppliers directly on the phone or by email. We have not ordered the goods and can prove this, but many are persistent and are involving their legal teams to try and secure payment. Our advice is that retailers and suppliers should be more vigilant. If they receive such an order, and it looks out of the ordinary – an incorrect or unfamiliar address or email, for example – they should contact the firm for clarification before shipping any goods. If in any doubt they should refer the matter to the police.”

Many British retailers have been similarly targeted for payment for goods not received and the Met police and the NBCS have been working with retailers to build a picture of the ‘Mr Big’ behind the scam.

Chair of the Health, Beauty and Pharmacy Forum Sarah King of Sally Beauty said: “This is an issue impacting many retailers, including ourselves. The advice is simple: Report it and work collaboratively with police and other retailers to identify trends that may be helpful to curb this activity – but do not authorise payment.

But prevention is better than cure and the suppliers must also tighten their own procedures. If they do not normally deal with our brands, they should carry out due diligence at their end to make sure the order in bona fide before making shipment and that would involve contacting the brand directly to make sure it is genuine.”
Brendan Harte, Managing Director of NBCS, said: “The NBCS through its National Business Crime Intelligence Bureau has for a number of months been conducting an intelligence operation into this area of business criminality, coordinating information obtained and disseminating actionable intelligence to both the business world and law enforcement. The collaboration and partnership between the private and public sectors is essential in combating criminality against businesses and this is an example of how this can efficiently be achieved. The arrests carried out highlights the network criminality that exists and operates both within the United Kingdom and overseas attacking businesses in this country. It remains an essential core principal of the NBCS that ‘Collaboration not Isolation’ is the primary method of addressing this type of criminal attack on the business sector.”

The Health, Beauty and Pharmacy Loss Prevention Forum is one of the sector specific ORIS Forums that comprise some of the biggest brands in retail and represent more than £200 billion worth of turnover. The objectives of the Forums is to share intelligence and best practice to reduce losses and risk impacting their day to day business operations.

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