

### **Attention required when doing business internationally**

Non-delivery of goods for which customers have already paid is becoming more and more common. The question is why this is becoming more and more common. Practice shows that a new trend has emerged. That is internet fraud that many companies have to deal with, especially companies that do business internationally where communication often takes place online (such as by email, etc.).

Practice shows that a swindler may set up a company with the sole intention of committing fraud. Fake websites are often created for companies that do not really exist. But the websites of the existing, real, companies are also copied with the real name, address, etc. with the aim of giving the impression that you are doing business with the existing company. Sometimes almost identical websites are set up with a slightly different name compared to the 'real' website.

### **How does it work in practice?**

You are looking for certain goods. You look on the internet for companies you can do business with. You look at a company's website, then you contact the contact person listed on the website and order the goods, you receive an invoice and you pay it. Sometimes the swindler asks to pay the entire purchase price in advance with the pretext that the goods will only be shipped / transported after payment. Sometimes the swindler asks for an advance of, for example, half of the purchase price.

After you have paid, the website is removed. You did not receive the goods and the email address does not exist anymore. Sometimes the website is not removed yet and the swindler makes all kinds of excuses to receive even more money, under the guise of delays and unforeseen circumstances. Despite the fact that the website 'seems real' and you even have email contact, the fact is that you are communicating with a swindler. Sometimes the swindler goes even further by putting pressure on you and demanding so-called damage from you if you do not transfer another amount or the rest of the purchase price. Because you think you are doing business with the real company and you need the goods urgently, you keep paying. But you do not receive the goods. When you discover the fraud, it is already too late. You've already lost the money.

It is very important to be aware of this trend. Swindlers are difficult to track down. They will always find new ways to swindler companies. That is not in your control. But what you can control is your own behaviour. You can recognise the fraud yourself in advance by taking a good look at the website. Not just the first page, but all pages. Check for typos on the website and whether the references are correct.

Also look at the logo of the company and the invoice you receive. Do the logos differ or is this logo very similar to another company? Also look at the accepted payments. Is there payment in bitcoin or other crypto currencies? Be careful with this as these currencies are often used by parties that cannot get a bank account or do not want to be traceable. Is there (also) payment to a foreign account number than where the company is located? Be careful with this too. Also check who the contact persons are and whether they actually exist and if they work for this company. You can check this via LinkedIn (or Google). Is there a Chamber of Commerce number on the website? Check these. On the website of Dutch Chamber of Commerce [www.kvk.nl](http://www.kvk.nl) you can check whether this number corresponds to the company you want to do business with. You can also download a digital extract with more information. Is an address of this company listed? You can also check this via Chamber of Commerce, but you can also see this address via street view. Are the goods you want to order much too cheap, below the market price offered by other companies? Be alert to this.

If you need to make a down payment or other payment in advance, there is another way to prevent losing such payment if no goods are delivered. Banks typically offer 'advance payment guarantees' that offer certainty of repayment by your counterparty in case they do not deliver. Their bank will pay back to the seller if the seller claims no delivery has taken place and takes over the payment risk on the buyer. Fraudsters would not typically be willing or able to have a bank issue advance payment guarantees for them. It will also require commission to be paid by the counterparty that may have impact on the price to be paid. However, these are common tools in international trade to prevent the risk of losing advance payments for whatever reason.

### **What does this mean for you?**

Many checklists have been developed with 'red flags' but be aware that the fraudsters / swindlers also read those checklists given by several organisations to prevent fraud. So they will always find new ways. There are plenty of options and signals to expose the fraud yourself that can vary per situation and that require your attention and extra attentiveness. But in essence many issues may be prevented by using common sense and by paying attention.

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