

APRIL 2010

INFORMATION
UPDATE

Drager

Hits: 90

Lists: 4

Records: 721

SAPS13

Hits: 40

Records: 418

Number of lists: 5

Tracker

Hits: 22

Records: 424

Number of lists: 9

Enquiries

Enquiries: 53

Replies: 156

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SAICB UPDATE

SAICB INITIATIVES UPDATE

This issue is dedicated to the update of the SAICB initiatives, in particular the new initiatives that we have been working on and a related article.

Lesotho Initiative

On 18 March 2010, the SAICB attended the Free State Provincial Vehicle Crime Forum meeting (PVCF), where attendees used the opportunity to discuss all the problems they are experiencing with the Lesotho Mounted Police Service (LMPS), The Lesotho Courts, interpretation of legislation, the "innocent buyer" principal and the lack of repatriation of stolen/recovered South African vehicles that are recovered in Lesotho.

At the meeting it was decided that Mr Hugo van Zyl would be tasked to communicate with the LMPS and the Department of Justice in Lesotho through the South African Police Service (SAPS) attaché, Lt Col Nomvula to address these issues.

On 25 March 2010, Mr Van Zyl together with Dekker van Wyk from DATADOT were invited to address the Commissioner of the LMPS in Boksburg where he was attending the Southern African Regional Police Chiefs Co-operation Organisation (SARPCCO) meeting.

The following people were present at the meeting at Birchwood where the SARPCCO meeting took place:

Adv Thabang Letsie—Assistant Commissioner of Lesotho Mounted Police Services: Head of Crime Investigations,

Col Jakes van Zyl—Commander of SAPS Cross Border Vehicle Crime (DPCI)

Brig. Reg Taylor—Head of Interpol South Africa

Dekker van Wyk—Datadot and Hugo van Zyl - SAICB

Mr van Zyl and Mr van Wyk stated the problems that are being experienced with the repatriation of stolen/recovered vehicles in Lesotho. He also informed the attendees what the

FRAUDLINE

In March 2010, **163** reports were received of which 12 reports were for the short term insurance industry, no report for Brokers and 5 reports for the life industry

Since 2002, **26115** reports have been received of which **824** reports were for the short term industry **125** reports for the brokers and **330** reports were for the life industry.

For the full report with all the statistics, please contact Melanie Pillay on melaniep@saicb.co.za



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APRIL 2010

SOUTH AFRICAN INSURANCE CRIME BUREAU

ISSUE 4 : 2010

MEMBERS

SANTAM
MUTUAL & FEDERAL
HOLLARD
ZURICH
LION OF AFRICA
REGENT
TELESURE
ABSA INSURANCE
STANDARD BANK
INSURANCE
OUTSURANCE
MOMENTUM
MIWAY

PARTNERS

SOUTH AFRICAN
INSURANCE
ASSOCIATION (SAIA)
TRANSUNION
FRAUDLINE
MEMEX
SAFPS
UNICODE
BACSA
CSFS
DATADOT
CGC

SAICB UPDATE CONT...

role of the SAICB is within the short term insurance industry and that the SAICB can be used as a nodal point where they can report the recovery of vehicles, subsequent documentation that is needed, when clients are needed to identify vehicles, and what the industry needs to do to oppose the handover of vehicles to the innocent buyers etc.

The Commissioner mentioned that his staff needs training on several issues pertaining to vehicle identification and recovery but that the biggest problem they are experiencing, is in the courts, where the magistrates either through criminal procedure or civil procedure handover the vehicles to the "innocent buyer". He has asked the Attorney General of Lesotho to issue a directive in this regard and a senior legal advisor has been appointed to address this issue. He further commented that the industry must act fast when they are informed of vehicles that have been recovered as it is very difficult for the LMPS to oppose the handover of the vehicles to the so called "innocent buyer" if the clients have to wait for a month to 4 months to identify the vehicle.

The Commissioner has agreed that the SAICB and insurance industry representatives can give training from an insurance perspective and that Datadot be allowed to train their forensic staff. This training will take place soon in Maseru. The Commissioner also agreed that the SAICB and industry can do practical training within the Lesotho Pounds which will lead to easier identification of the stolen vehicles and a faster turnaround time on the repatriation of vehicles. He further mentioned cloned vehicles and vehicles tampered beyond recognition as being another significant problem, which will hopefully be addressed with the training. The Commissioner commented that there are way too many SA vehicles in the Lesotho pounds and that every bit of assistance will be appreciated to repatriate these vehicles.

The Commissioner has also agreed to arrange meetings with the Department of Justice and the Attorney General of Lesotho to present the current situation to them from the financial industry's point of view. These meetings have been arranged for early May 2010.

The SAPS has agreed that the insurance industry liaise with the mentioned entities in Lesotho to get to a solution to repatriate stolen/recovered vehicles from Lesotho and supported the training of the vehicle crime staff in Lesotho which they also believe will greatly assist with the identification of stolen/recovered SA vehicles.

Further discussions with the LMPS, SAPS and the other role players in SA and Lesotho will follow soon. The SAICB and Datadot will facilitate these meetings through Interpol South Africa.

The SAICB has printed 1000 caps with the SAICB's logo and a dedicated telephone number to issue to the SAPS personnel working on the borders in SA, and will also issue these to the vehicle crime policemen in Lesotho and Mozambique, so that our presence is a constant amongst the people dealing with the vehicle identification and recovery. The number is available 24 hours a day to allow direct contact with our industry and the relevant role players that can assist with the repatriation of stolen/recovered vehicles.

The SAICB will provide feedback on the meetings in the next issue. 📧

SAICB UPDATE *CONT...*

SAPS BORDER TRAINING

The SAPS Head Office: Organised National Vehicle Crime, Cross Border operations has invited the insurance and financial industry to be involved in training of its personnel on the borders of South Africa with particular emphasis on vehicle crime and recovery. All the staff of all the border posts will be trained at central point over the next few months.

The training will include presentations by the SAPS Vehicle Units, Narcotics, Precious Metals and Diamonds, Non Ferrous Metals, Endangered Species, Human Trafficking and Anti Corruption.

The insurance industry has been afforded the opportunity to address the following important objectives through our involvement in the training:

- Building of relationships with the policemen and customs staff at the borders;
- To provide the SAPS members with valuable training regarding Industry specific problems regarding vehicles and vehicle crime;
- Marketing - presenting the SAPS officials with baseball caps with the logo of the SAICB as well as a contact cellular number of the SAICB and member company representatives.
- Broaden contact base within the SAPS and other government departments
- To build relationships within the Banking environment as well as they will be part and parcel of the training.
- To learn new practices from the police and other experts concerning vehicle identification as the second day of the training will include a practical training session at roadblocks.

The staff at the following border post have already been trained by the insurance and financial industry and at some of the posts we have already started to reap the rewards as the policemen now contact the SAICB and other Institutions directly with information and enquiries:

Stockpoort; Groblersbrug; Zanzibar; Platjan; Pontdrift; Beit Bridge; Pafuri; Giriyondo; Derdepoort; Kopfontein; Swartkopfontein; Skilpads Gate; Ramatlabama; Mokgobistad; Boshhoek; Bray; Mokokong; Kosi Bayi; Golela and Onverwacht.

Contact detail of all the proxies, salvage staff and member company detail will be shared with the Border Control staff at these training sessions. To this end, laminated A3 posters with the SAICB member companies vehicle representative contact details has been produced and will be posted at each of the border posts.

The SAICB has requested that the industry nominate staff to assist with the training at the 2 day sessions and the member companies have allocated people to assist. Thank you to the people that have already attended and given valuable input at these sessions, and the others that will be attending the future sessions, for making this initiative such a success already.

The Lebombo and Ficksburg training has taken place in April, and the May training will begin with the Ladybrant training session which Hugo van Zyl and Johan Steyn from the SAICB will attend, with representatives from the insurance industry. The training will conclude in August.

If your company would like to become involved in the training, please contact Hugo van Zyl on hugovz@saicb.co.za for further information. 📧

ARTICLE—SERVAMUS

CROSS BORDER VEHICLE CRIME

During the 1980s the police identified the smuggling of vehicles across Southern African borders as a problem. In 2005, Irish stated that South Africa is the major source of vehicles that are smuggled within the SADC region. According to Interpol statistics, South Africa accounts for between 96% to 98% of all vehicles acquired illicitly within the region.

In 2003 the police revealed that more than 20% of stolen or hijacked vehicles were smuggled out of the country into neighbouring states by organised crime groups, often involving a combination of local groups and transnational networks (Irish & Qhobosheane, 2003). But this reduced when re-registration of vehicles escalated. In 2007 Burgers et al stated that approximately 30% of all stolen or hijacked vehicles are exported illegally and undetected from South Africa, via Ports of Entry/Exit and border lines. In June 2009 Business Against Crime South Africa (BACSA) said that 20% vehicles are exported to neighbouring countries. The illegal export of vehicles may increase if the illegal re-registration opportunities for these vehicles within South Africa are stopped at vehicle registering and licensing offices nationwide.

Burgers (2007) stated that during 2006, approximately 27 000 vehicles left the country through one of the 53 land border posts; across approximately 5800 km of borderline; between border posts; or through one of the eight major harbours. With some notable exceptions, the recovery rate for these vehicles from most countries in the region back to South Africa is less than 1% of those seized in joint operations between the SAPS and police in such countries. At an average value of R80 000 per vehicle, a conservative estimate of the direct financial loss to South Africans as a result of the illegal export of stolen and hijacked motor vehicles is R2.1 6 billion per year.

Networks in cross-border smuggling

Lebeya (2007) stated that the theft of a vehicle across the border requires knowledge of the area where the vehicle is to be stolen, the type of vehicle in demand, the route to be followed, the time it takes to make the journey, the existence of a vehicle tracking system and the deactivation thereof, and the mechanics to change the identification number, chassis number etc. These arrangements involve a number of people. The more experienced thieves are commonly referred to as finger-men and are used for their expertise by those who illegitimately export the vehicles to potential buyers elsewhere, of whom some aren't aware that the vehicles were stolen. (Finger-men is the slang language used to refer to people who do the dirty work, such as to commit the actual first crime of pulling the trigger and robbing. In South Africa they are also referred to as "abo 7" - signalling that the seven sign with fingers, is a sign language for a firearm. To have a finger in Northern Sotho is an idiom that means to steal.)

The networks involved in the smuggling of vehicles across the borders comprise nationals from two or more countries. These networks, through their contacts in the different countries, are not only able to source stolen or hijacked vehicles, facilitate border crossings and gain access to buyer markets, but can also ensure that the vehicle can be re-registered in the country where it will be sold or used (Irish, 2005).

Stolen vehicles are also exported via SADC in containers mostly to Pakistan. Once they have arrived there they are almost impossible to retrieve.

Smuggled vehicles – a form of currency

Interpol first identified the smuggling of vehicles within the SADC region during the latter part of the 1980s when these vehicles were used as a form of currency and exchanged for cash, diamonds and gold. Gastrow (2001) and Irish & Qhobosheane (2003) confirmed that stolen vehicles were an important form of currency used to pay for other illegal goods.

Cross border smuggling methods

Irish (2005) stated that a variety of methods are used to smuggle vehicles across South African borders. In some instances,

ARTICLE—SERVAMUS *CONT...*

vehicles are driven across the long borders without going through an official border post. Some border lines between South Africa and its neighbours are only defined by long stretches of cattle fencing that can easily be cut or flattened to allow vehicles to cross. Criminals simply cut the wire around the bigger poles, drop the smaller poles and drive through. Patrolling this type of terrain next to the border fence is tough due to the inaccessibility of the area, and the fact that the Government stopped the SANDF from patrolling the area. (Fortunately it seems that soon the SANDF will be patrolling our borderlines again.)

A variety of methods is used to smuggle vehicles through the border post itself:

- ◆ The first involves the fraudulent removal of vehicles from South Africa with the permission of the vehicle owner. Once the vehicle has crossed the border it is reported stolen or hijacked in South Africa. This form of crime often involves bank and insurance fraud as the owner will claim insurance for the "theft".
- ◆ Another method involves the use of duplicate documentation. In such cases, a vehicle will be stolen or hijacked and then taken out of the country using duplicate documentation that does not belong to the said vehicle. The duplicate documentation actually belongs to a vehicle with the same model and make as the one being smuggled out of the country, and often belongs to a vehicle that has either been scrapped or disassembled. This form of crime often takes a fairly experienced eye to detect. This is especially the case when the engine and chassis numbers have been tampered with and the original numbers are difficult to detect.
- ◆ Stolen or hijacked vehicles can be re-registered with relative ease by using contacts working in the Licensing Department. The false registration documentation will then be used to smuggle vehicles across the borders. There are also known cases where people from a neighbouring country may order a stolen vehicle in advance. In such cases, the vehicle may be pre-registered in a neighbouring country before or immediately after it has been hijacked or stolen. The stolen vehicle will then be taken across the border by using the new registration papers of the country from where it had been ordered.
- ◆ Where vehicles are smuggled through border posts, as opposed to across border lines, it is common practice to use export permits or temporary import permits. In these circumstances, the networks rely on identified weaknesses in systems at border posts, lack of compliance with procedures at border posts, or corrupt officials stationed at these posts.
- ◆ During a visit to Lebombo Port of Entry/Exit it was found that some criminals even go as far as to carry motorcycles in suitcases or bags across the border.

Police Successes in combating cross border crime

The International Vehicle Crime Unit (IVCU) of the SAPS is tasked with the investigation and return of stolen/recovered South African registered motor vehicles, globally, as well as the return of foreign vehicles impounded within South Africa.

In November 2007 the IVCU became aware of a syndicate that smuggled stolen vehicles from South Africa to Zambia. The Zambian police stopped a South Africa resident driving a Toyota Fortuner at Chirundu Border Post. While checking his documentation and passport the driver fled the scene and proceeded towards Zimbabwe in an attempt to escape further questioning and possible arrest.

The vehicle was reported stolen in Cape Town, but near Richmond roadside cameras took photos of the speeding Fortuner. On 2 October 2008 the Fortuner thief was arrested by members of the International Vehicle Crime Unit at OR Tambo International Airport. He was identified from the photos taken by the speed cameras in the Karoo. During questioning he indicated

ARTICLE—SERVAMUS *CONT...*

that he had acted as a courier for stolen and insurance fraud vehicles between South Africa and Zimbabwe, Zambia, Malawi and the DRC for a decade during which he smuggled 33 luxury vehicles from South Africa. On 16 October 2008 he was convicted and he turned State witness.

In 2008 the International Vehicle Crime Identification and Organised Crime, Head Office in conjunction with the Lesotho Mounted Police Service, the Ladybrand Vehicle Identification Unit, and Free State General Investigation held a cross-border operation during which 101 vehicles were recovered in Lesotho in more than two weeks. The police returned 91 of these vehicles back to South Africa, where they were stored at the Ladybrand Police Pound. Some have been positively identified by their rightful owners and insurance companies in South Africa. Vehicle liaison officers from the SADC countries assist the SAPS in recovering stolen/hijacked vehicles.

Combating illegal vehicle exports

In order to combat the illegal trafficking of motor vehicles in the Southern African region, the implementation of a unique police clearance system was agreed upon by the Southern African Regional Police Chiefs Cooperation Organisation (SARPCCO) in terms of Resolution number 15 of its 4th AGM in 1999. The South African Police Service realised that the general public are not all aware of the procedure in obtaining SARPCCO Vehicle Clearance Certificates before exporting or importing vehicles to and from other SARPCCO member countries.

The SARPCCO Vehicle Clearance Certificate serves as proof that a vehicle has not been reported as stolen in a SARPCCO country where it had been registered before it was taken to another SARPCCO country for purposes of registration. The following is required when applying for a SARPCCO Vehicle Clearance Certificate:

- ◆ the vehicle in question must be physically checked by the clearance officer;
- ◆ the registration document of the said vehicle;
- ◆ an identity document for personal identification of the driver; and
- ◆ a passport.

The SARPCCO Clearance Certificate is issued by a suitably qualified SAPS member specially appointed as a clearance officer at any Vehicle Identification Section around the country. The Vehicle Clearance Certificate is issued free of charge during normal working hours. The certificate is valid for 90 days from the date of issue and upon expiry the process must be repeated. SARPCCO Vehicle Clearance Certificates are not the only documents required for import or export purposes. Customs and Excise, the Department of Transport and the Department of Trade and Industry will require additional documents. In order to alleviate unnecessary delays persons who plan to import or export a vehicle are requested to make contact with their nearest clearance office. The consequence of failing to have a vehicle certified is that one might receive a stolen vehicle in the process.

Insurance Fraud

Vehicle financing institutions and insurance companies experience considerable losses through fraud, including:

- ◆ the illegal export of vehicles by the owners who then report them stolen in South Africa to claim insurance money; and
- ◆ the financing of phantom vehicles which are reported stolen in neighbouring countries.

Illegal Imports

There are many "grey import vehicles on South African roads. Not every "foreign" vehicle belongs to a bona fide holiday-maker on visit from a neighbouring state. These vehicles are making their way onto our roads illegally, and are becoming an

ARTICLE—SERVAMUS CONT...

emotive issue for South Africans. Many of these vehicles are stolen abroad in countries such as Britain.

Grey Imports

South African vehicles - both new and pre-owned vehicles - are overpriced. High retail prices of pre-owned vehicles are contributing to many people being tempted to buy a "grey import".

The majority of these vehicles originate in Japan, because there is no market for pre-owned vehicles in Japan. Heavy taxes are payable on older vehicles and stringent roadworthy tests designed to protect local manufacturers mean vehicles must pass inspections every two years. Japan had a policy of actively encouraging its own people to buy new vehicles. Roadworthiness tests in Japan are extremely strict and the registration tax on a vehicle increases with age. A six-years-old vehicle can be a liability, not an asset. As a result, Japan has large scrap yards filled with unwanted vehicles. Vehicles that fail Japanese standards must be auctioned off outside the country's borders.

Therefore thousands of "grey vehicles" leave Japan as "scrap" destined for Southern African Development Community countries. Some of them have been involved in and the cause of major accidents. These pre-owned Japanese vehicles land at Durban harbour. There are incredible bargains among these vehicles, but according to South African legislation we are not allowed to own them.

Burger et al (2007) stated that numerous motor vehicles (pre-owned and stolen) are illegally imported into South Africa on the pretence of being destined for neighbouring countries. The majority of South Africa's neighbours rely on passage through South Africa for their imports, which include pre-owned vehicles. It should, however, be noted that a large number of these vehicles do not reach their destination and are ultimately registered in South Africa and sold to unsuspecting buyers. Organised criminal groups facilitate the illegal entry of vehicles into the South African market. These illegal imports have a negative impact on the South African economy resulting in a loss of tax revenue and jobs in the SA motor industry.

In 2004 alone, police recorded that 80 000 vehicles were imported via Durban harbour destined for Namibia, Lesotho, Swaziland and Mozambique. Many come through the harbour legally as vehicles-in-transit to neighbouring countries but then fail to reach their supposed destinations. According to the KwaZulu-Natal Department of Transport there was no record to prove that the majority of these 80 000 vehicles had ever crossed our borders to reach their final destination in neighbouring countries.

The booming business of importing these vehicles is fraught with corruption, irregularities and fraudulent conduct. Most of these vehicles did not meet basic requirements of the South African Bureau of Standards (SABS), for example left-hand steering and manipulated engine and gearbox numbers. Since 1999, left hand steering vehicles have become illegal and vehicles have to be adapted to right hand steering. Unfortunately those responsible for adaptations are often not suitably qualified, leading to mechanical failure and even death. Another problem is that these vehicle's spares are difficult to obtain. South Africa and Southern Africa are used as the dumping area for unsafe and stolen motor vehicles, leading to:

- ◆ unroadworthy vehicles travelling on our roads;
- ◆ false roadworthiness certificates being issued; and
- ◆ a direct loss to the general public who bought such vehicles when determined that the vehicle is a stolen or illegal imported vehicle and the vehicle is forfeited to the State.

Innocent victims of illegal importation

In 2004, *Carte Blanche*, reported of two South Africans who bought the cars of their dreams as bargains and in apparent legitimate transactions. The one man bought a Toyota Lexus after he had responded to an advertisement in a reputable

ARTICLE—SERVAMUS CONT...

magazine. Six months after the transaction it was confiscated and the telephone line to the dealer went stone dead. He said that when he bought the vehicle everything seemed in order: the documentation; the book of life and as the advertisement was placed in a reputable magazine, all seemed above board.

Another South African man bought a pre-owned VX Land Cruiser in Zambia while he was working there. On his return to South Africa the SAPS confiscated the vehicle and two weeks later the police confirmed that the vehicle had in fact been stolen in Japan. The man lost R500 000 in an instant.

Stolen vehicles imported into South Africa

Many pre-owned luxury imported vehicles such as 4x4s have been stolen in the United Kingdom, Singapore and Hong Kong. They are given false or "cloned" chassis and engine numbers, and some of them are offered for sale through local pre-owned vehicle dealers. Some of these luxury vehicles are bought by people who have no idea of the vehicles' origins and do not realise that their illegal imports could at any time be confiscated by the customs authorities without compensation.

Col Jakes van Zyl told **SERVAMUS** that the visible VIN number of a vehicle, for example that of a Mercedes Benz can be copied in London or Paris or any part of the world by syndicate members. This number is then forwarded to a person in South Africa who visits a local Mercedes Benz dealership, claiming that s/he has lost his/her key. S/he provides the VIN number and a new key is manufactured. After purchasing the key, it is couriered to the person in the other country, who then gets into the stolen vehicle and imports the vehicle illegally into South Africa. The car is imported undervalued, for example a 2008 model is imported as a 2005 model.

Legislation on Importation of vehicles

In an attempt to prevent the abovementioned scenario sketched by Col van Zyl the importation of pre-owned vehicles without a permit issued by the International Trade and Administration Commission (ITAC) is strictly prohibited by the regulations promulgated in terms of the International Trade and Administration Act 71 of 2002. Although importation of pre-owned vehicles is not allowed in South Africa, certain exceptions are made.

Popular vehicles for illegal importation

According to BACSA the most popular vehicles imported for export to SADC countries which are illegally sold in South Africa include: 1500 Corolla, Hilux Surf, Lexus Signus (Land Cruiser), Toyota Corsa, Toyota Carina, Nissan ZX, Corolla Limited Edition, Land Cruiser VX Limited 100 Series, Honda Accord, Hi-ace Town-ace, Hi-ace 4 x 4, Pajero Shogun, Toyota Rav4, Toyota Camry (specifically not the shapes offered in South Africa), Suzuki Acude, Toyota Prado Grande, Toyota Crown, Honda Civic, Isuzu Rodeo, Suzuki Samurai, Mitsubishi GTO, Ford Transit van, Nissan Starlit, Coaster Bus, Ascudo, Nissan Vanette, Toyota Vista, Toyota Ceres, Toyota Selica, Toyota Ferio, Soarer, Marino, Isuzu Big Horn, Hi-ace Super Custom, Mirage (www.cyberwheels.co.za).

There is a saying that when something sounds too good to be true, it probably is. Purchasing vehicles is no exception.

THANK YOU TO KOTIE GELDENHUYS FROM SERVAMUS, FOR PERMISSION TO USE THIS ARTICLE, THAT APPEARED IN THE APRIL 2010 EDITION OF SERVAMUS—VOL 103. 🐾

CONTACT

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