

# Going, going... gone

---

*Bring down the hammer on internet auction supply chain fraud.*

LAURENCE KING

Supply Chain Standard April 2007

We recently saw the conviction of a Mosaic depot manager after the fashion group used eBay to track down stolen goods. Interestingly, that is exactly what the distribution manager with the company, was using to help him defraud his employers of €59,000.

Yes its official, internal fraud buried deep inside the supply chain is big business. While shoplifting, the popular perception of retail crime, is falling as a proportion of the whole, internal fraud is the growth area as a minority of determined criminals abuse their positions of trust to add to the UK's multi-billion pound shrinkage problem. For these criminals it's becoming easier to evade detection because technology such as eBay affords a shield of anonymity never afforded by the car boot sales.

The Mosaic depot manager's €59,000 easy earnings are the tip of the iceberg which is why pressure is mounting to bring the gavel down on the sale of stolen goods through legitimate auction sites such as eBay. The world's biggest online marketplace has become one of the targets of the Profit Protection Fashion Forum, a lobby group of more than 20 heads of loss prevention representing the UK's leading clothing and accessory retailers. The forum has met the Home Office and also written to Meg Whitman, the global chief executive of eBay and her opposite numbers in Europe and the UK seeking their cooperation in making eBay more difficult for thieves and internal fraudsters to offload stolen goods online

The problem is significant enough for some forum retailers to have invested in software to help them close down auctions involving known or suspected stolen goods or gift and credit vouchers. The onus is on retailers to prove that goods are stolen rather than vendors having to offer proof of legitimacy or even provide genuine names and addresses.

One member of the forum used eBay-approved software to close down almost 900 auctions before Christmas. Only two complaints from legitimate traders were received by his team.

No internal fraud should be tolerated as trust has been breached. Those engaged in supply chain pilfering are no better than the shoplifters who daily pillage the aisles of high street stores, although in their own perverse logic they are simply adding to their unofficial bonus schemes.

LAURENCE KING IS MD OF THE ORIS GROUP