

Single Point Capital

Driving Success
Understanding the Freight Market & Transportation Financing Solutions

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Single Point Logistics was founded in 2003 as a third party logistics provider in Kingwood, TX

Launched Single Point Capital in 2008 to offer factoring to our logistics customers

Fund deals nationwide but specialize in the Texas and Gulf Coast regions, with over \$1.5B funded since inception

Focus on freight carriers and brokers. But also provide factoring for manufacturing, logistics and staffing companies

Freight Market Overview



\$875B

Annual Freight Revenue

1.1 million

For-hire common carriers

10%

Top 15 carriers combined market share

96%

Of carriers operate 10 trucks or less

Key Players

Shipper: company that consigns goods to be transported

Broker: intermediary who facilitates transportation services between shippers and carriers for a fee

Carrier: company that provides the transportation of goods

Spot and Contract Rates

Contract freight: long-term agreement between a shipper and a carrier or broker (~80%)

Spot Freight: short-term or one-time transaction between a shipper and a carrier or broker (~20%)

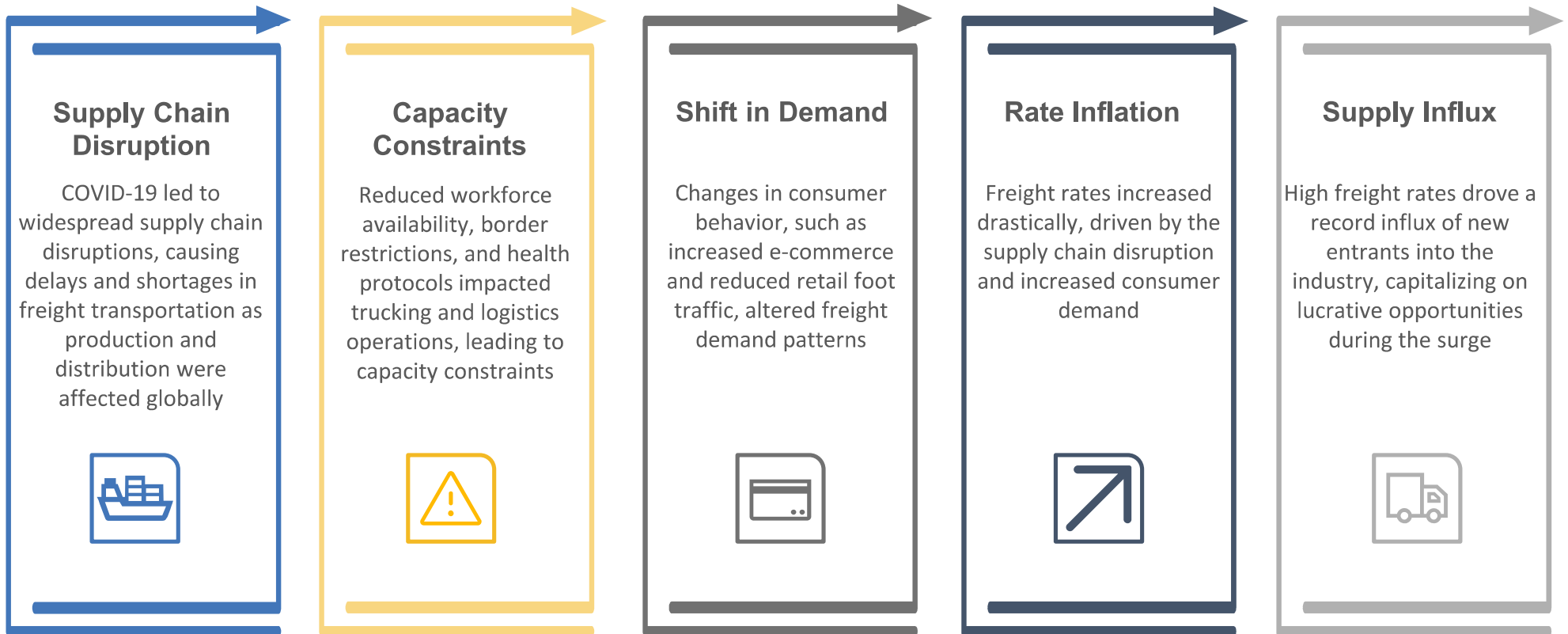
Equipment

Dry Van: fully enclosed trailer for dry goods (~75%)

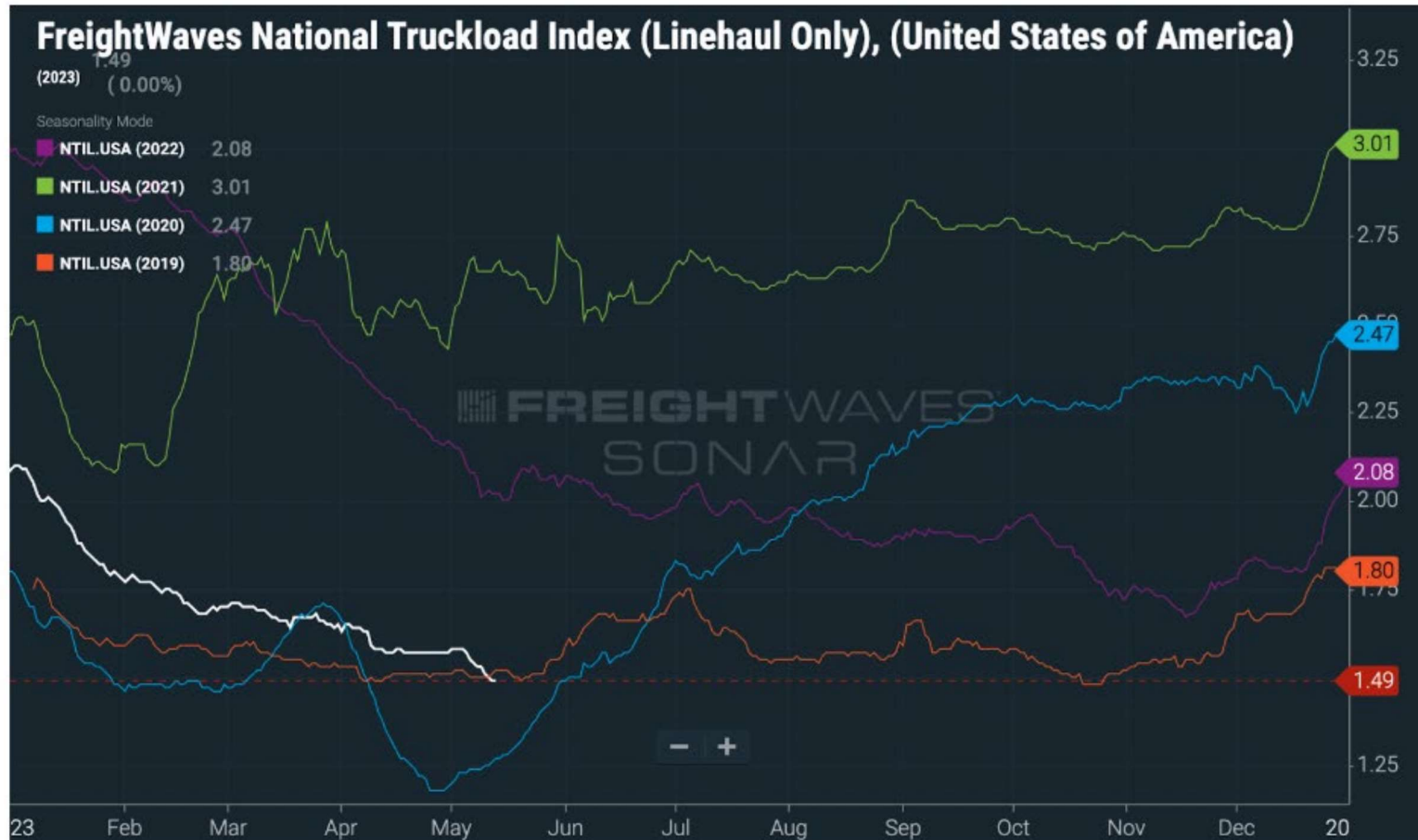
Flatbed: open trailer for large and oversized items (~15%)

Reefer: refrigerated trailers for produce & pharmaceuticals (~10%)

Covid Impacts on the Freight Market



Covid Impacts on the Freight Market



Current State of the Market



The freight market has been in contraction since Q1 of 2022 but we may have reached the bottom



“A multitude of factors have caused a recession in freight ... stagnant consumer spending on goods, lower home construction, falling factory output, and shippers consolidating freight into fewer shipments compared with the buying spree at the height of the pandemic. However, the magnitude of the year-over-year declines is improving, perhaps pointing to a bottom in the freight market.”
-American Trucking Association Chief Economist Bob Costello

The LMI (Logistics Managers Index) surveys logistics professionals who are working at the director level or above, generating information on inventory, warehouse, and transportation trends.

The July LMI recorded a new all-time low at 45.4. The overall index has only contracted three times in its nearly seven-year history; all of those have occurred in the last three months.

According to DAT, conditions improved in June, when operating margins rose to \$0.09/mile. However, margins decreased to \$0.02/mile in July and a decrease in spot rates and surge in diesel prices in the last month reduced August's average gross profit margins to \$0.00 per mile.

That's the same as in July 2019, when the industry went through record-high bankruptcies.

Current State of the Market



Surge Transportation blames bankruptcy filing on sales drop after e-commerce boom

Digital freight brokerage's gross revenues down \$65M from same period in 2022

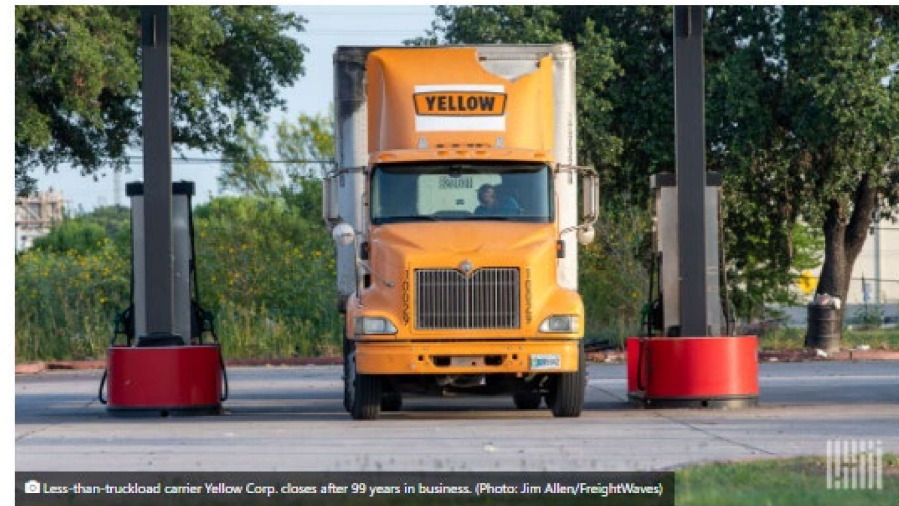
Clarissa Hawes • Tuesday, July 25, 2023



Yellow's demise: 2 decades in the making

Company shuts down, bankruptcy filing expected

Todd Maiden • Monday, July 31, 2023



Freight Factoring



100,000+

New Entrants Annually

The average new entrant carrier has one power unit and 1-2 employees and averages \$240,000 of revenue in their first year.

1- 4%

Typical Factoring Fee

Factors typically advance 96 - 99% and charge a 1 - 4% fee. The fee is largely dependent on the size and experience of the client.



Shipper

**30 Day
Payment Term**



Broker

**30 Day
Payment Term**



Carrier

Factoring company purchases the invoice

1. Pays the Broker their margin minus factoring fee (Day 1)
2. Generates an invoice, including a Notice of Assignment and sends to the Shipper (Day 1)
3. Pays the Carrier, or the Carrier's Factor once the invoice is due (Day 30)
4. Collects payment from the Shipper (Day 30)

Factoring company purchases the invoice

1. Pays the Carrier the rate minus the factoring fee (Day 1)
2. Generates an invoice, including a Notice of Assignment and sends to the Broker (Day 1)
3. Collects payment from the Broker (Day 30)

Evolution of a Carrier's Financing Needs



Startup (3-4%)



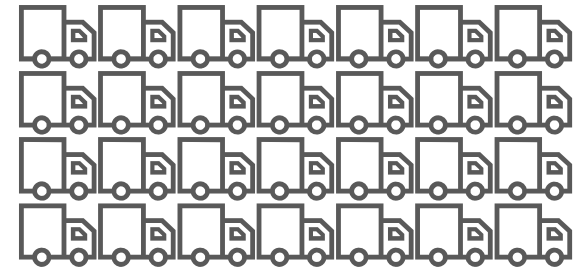
- Significant start up costs including equipment and insurance down payments
- Factoring companies provide:
 - Immediate cash flow
 - Credit analysis
 - Invoicing & collections
 - Additional services
 - Fuel cards & fuel discounts
 - Credit lines
 - Maintenance advances

Medium Fleet (2-3%)



- Continue to utilize factoring services to manage cash flow
- Lower risk due to experience and volume
- Will shop around and negotiate more favorable terms with factoring companies

Large Fleet (<2% or line of credit)



- Can support the overhead of an internal accounting and collections department
- Large enough with enough history to get a line of credit from a lender
- Some fleets prefer to factor, even with they are large enough to qualify for a line of credit. Lowest rates, slightly higher than the APR of a bank line

Fraud & Case Studies

Double Brokering



According to the Transportation Intermediaries Association, double brokering affects \$500 to \$700 million in freight annually

What is it?

A broker selects a trucking company to haul their freight.

Then unbeknownst to the broker, the trucking company proceeds to re-broker or double broker the load back out to another carrier that ultimately hauls the load.

Implications

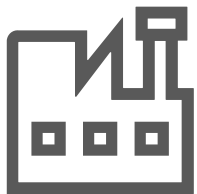
Once the load is delivered the broker pays the double broker.

The carrier that ran the load tries to get paid from the double-brokering fraudster and they don't pay.

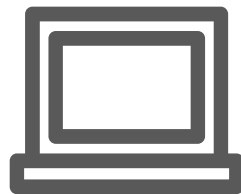
The legitimate broker risks having to pay twice — There is a risk that the carrier attempts to collect payment directly from the shipper through legal action.

How to prevent it

- Due Diligence
- Transparent Contracts
- Technology and Data Aggregation Adoption
- Regulatory Oversight
- Trip Documentation Review



Shipper



Broker



Double Broker
FRAUD



Carrier

Case Studies



Double Brokering fraud with Single Point as the victim of identity theft

Email Fraud

----- Forwarded message -----
From: Tim Leopold <tim.leopold@singlepointlog.com>
Date: Tue, Jun 1, 2021 at 5:08 PM
Subject: Broker Carrier Agreement
To: dispatch@safewaytrucklines.com <dispatch@safewaytrucklines.com>

Our MC is 462440

Tim Leopold
 Single Point Logistics
tim.leopold@singlepointlog.com
 (806) 340-7760

Fraudsters impersonated Single Point Logistics and perpetrated **double brokering fraud operation**

They created a @singlepointlog.com domain to develop trust with the victims of the fraud

Fraudsters booked loads with legitimate Brokers and Carriers

Fraudulent Supporting Docs

Carrier Rate Confirmation

Order # 0353228
 Date: 04/23/2021
 Broker: Tim
 Email: tim.leopold@singlepointlog.com

Carrier	Phone	Email	Equipment
PERPETUAL FREIGHT SERVICES	(424) 226-0240	PERPETUALFREIGHTSERVICES@gmail.com	Van

Pickup at:
 NJ Health
 737 W. Artesia Blvd
 Compton, CA 90229

Date/Time: 04/23/2021 7:30AM
 PO Shipper's Ref # KBX: 852295815

Weight: 42,000
 Notes: Food Stuff / 24 units

Deliver to:
 William Foods
 1325 Bowers Mill Road
 Pasadena, CA 91103

Date/Time: 04/26/21
 Delivery #

Invoice

PERPETUAL FREIGHT SERVICES, LLC
 6400 W. 87TH PLACE
 LOS ANGELES, CA 90045
 PH:866-479-9979 FAX:844-688-4810

Date	Invoice #
4/27/2021	114

Bill To

SINGLE POINT LOGISTICS
 9410 FM 1900 BYPASS RD W STE 205
 RICHMONT, TX 77180
 PHONE: 800-240-7760
 EMAIL: TIM.LEOPOLD@SINGLEPOINTLOG.COM

P.O. No.	Terms	Project
0353228	QUICKPAY	

Description	Rate	Amount
	1,500.00	1,500.00

AL0,0,0,0,1,1,1,1,1,1,1

The trucking company provided the legitimate bill of lading to fraudulent broker after completed delivery of the load

The fraudsters submitted **fraudulent invoices and supporting documents to the broker** for payment and requested quickpay

The carrier that delivered the load was never paid

Result

When the carrier was not paid for the load, they contacted the legitimate Single Point Logistics requesting payment status. The domain was shut down but the fraudsters were likely based overseas and none of the fees were recovered.

Case Studies



Client defrauded Single Point by submitting documents for fake loads

Fraud Overview

- Mid-sized carrier based on the east coast. Worked primarily for large customers (Amazon and JB Hunt)
- The client was actively funding with Single Point for 15 months
- Started contract work providing daily transportation service for a specific lane, with the same invoice amount submitted every time
- After several months of funding, we stopped receiving payment at the normal cadence
- We ceased funding and researched the account. It was found that client was submitting fictitious paperwork for funding

Takeaways

- Complacency with the funding team was driven by the consistency of the invoice timing and amounts
- The volume of invoices makes it impossible for freight factors to verify every load, but spot verification is a must for all clients

Real BOL

Page 1 of 2
Please call Bedford office with any issues delivering this load.
814-624-5231
Dry loads must deliver by 2 PM / 8 PM
PDD loads must deliver by 11:59 PM

Walmart Private Fleet

Trip: 28386391 Trailer: 135942

Must Depart Time: 03-16-2022 11:37 ET ETD:

Driver: TYRONE GAY JBHT Driver#: 206033 Tractor: 6823 Dest: 1949 Truck:
Origin: 6047 MABD: 03-16-2022 18:37 ET Town: FREDONIA, NY

Act#	Odometer	Date	BeginTime	DepartTime	Loc ID	City, State	Trailer
BT	62430	3/16/22	12:20	6047	BEDFORD, PA	P135942	
HK			1:50	6047	BEDFORD, PA	P135942	

• Address: STORE 1949, 10401 BENNETT RD, FREDONIA, NY Est Miles: 207
 • Contact: BRAD BALENTINE @ 716-678-3150 Ext: 0000
 • Instructions: NEW DOCKS ON RIGHT SIDE OF STORE. DO NOT PARK NEAR TILE OR IN WHITE-STRIPED AREA OF LOT. PARK AT NORTH END OF LOT. DO NOT DROP GM TRAILERS IN GROCERY DOCKS WITHOUT PERMISSION FROM STORE. RADIO CHANNEL 2. *****THIS IS A 2 TRAILER STORE FOR GM DELIVERY****
 • Directions: FROM 6027 TO STORE 1949. TAKE 80 WEST TO EXIT 111. TAKE 153 NORTH TO 219 NORTH TO 86 WEST. THEN TAKE 60 NORTH APPROX 30 MILES. STORE ON LEFT BEFORE RED LIGHT (1ST DRIVEWAY) TL. KEEP STORE ON RIGHT FOLLOW AROUND TO BACK OF STORE TO SHARED DOCKS. DOORS 1,2,3, CLOSEST TO BUILDING FOR GM!!!! WATCH FOR YELLOW POLES!!!!!! OKAY TO BREAK BEHIND STORE. DO NOT BREAK BY TILE OR WHITE-STRIPED AREA OF PARKING LOT. FROM 6047: I-99 N, PA-350 N, US-322 W, PA-970 N, I-80 W FOLLOW ABOVE DIRECTIONS
 • LoadInfo: ID: 94906052 LoadType: GRSTR ReadyTS: 2022-03-16 10:58:50

AD	62430	3/16/22	1:50	1949	FREDONIA, NY	P135942
HK				1949	FREDONIA, NY	P135942

• Address: DC 8027, 100 WALMART DR, WOODLAND, PA Est Miles: 160
 • Contact: BRIAN ROSENBERGER @ 814-857-5442 Ext: 0000
 • Instructions: DC# 814 - 857-5442
 • Directions: PLEASE USE THIS ADDRESS TO GET TO THE TRUCK GATE: 139 OWENS RD WOODLAND PA 16881 RD, EXIT #123, 970S, FIRST LIGHT T/R 1/4 MILE TO GATE, WATTS #1-800-269-9068

AD	62430	3/16/22	9:50	8027	WOODLAND, PA	P135942

<https://transportation.wal-mart.com/trans/wtms/us/index> 3/15/2022
Scanned with CamScanner

Fake BOL

Page 1

Walmart Private Fleet

Trip: 28778120 Trailer: 136823

Must Depart Time: 04-30-2022 08:00 ET ETD:

Driver: TYRONE GAY JBHT Driver: 206033 Tractor: 6823 Dest: 6030 Truck:
Origin: 6023 MABD: 04-30-2022 08:00 ET Town: RAYMOND, NH

Act#	Odometer	Date	BeginTime	DepartTime	Loc ID	City, State	Trailer
BT	125140	4/15/22	15:55	6023	SUTHERLAND, VA	136823	
HK							

• Address: DC 6023 21500 COX RD, SUTHERLAND VA EST MILES:
 • Contact: DISPATCH OFFICE @ 804-862-7707 Ext: 0
 • Instructions: TEST2
 • Directions: *I-855 TO EXIT 61, RTW 460W 3 MILES, WHSE ON LEFT 1-800-213-2598 804-862-8104
 • LoadInfo: ID: 942731289 LoadType: IMPORT ReadyTS: 2022-04-30 08:00

AD	125140	4/15/22	15:55	6030	RAYMOND, NH	136823

• Address: DC 6030 42 FREETOWN RD, RAYMOND, NH MILES: 690
 • Contact: LAKEISHA JULLY @ 603-895-0066 Ext: 0
 • Instructions: TELEPHONE 540-803-3101 FAX 540-803-3150
 • Directions: FROM I-93, RTE 101 E, EX 5, T/L END OF RAMP, DC ON L FROM I-95: RTE 101 W, EX 5, T/L END OF RAMP, DC ON L
 • LoadInfo: ID: 942731289 LoadType: IMPORT ReadyTS: 2022-05-01 20:00

<https://transportation.wal-mart.com/trans/wtms/us/index> Scanned with CamScanner

Five Tips on How Carriers & Factors Can Prevent Fraud



Underwriting procedures to help prevent fraud in the freight factoring industry

Inspect the MC Number

- Always verify the credit before working for a new customer
- FMCSA or Carrier411 are underwriting tools used to verify broker or carrier MC numbers

Rate Per Mile

- Rates per mile excessively above market price could indicate fraud (too good to be true)
- DAT freight analytics is a free tool used as source of current national freight rate per mile

Review Supporting Documents

- Make sure company name is listed on paperwork
- The carrier's name must be on the rate confirmation and / or BOL

Email Communication

- Check the email address to verify the email has the correct domain
- Debtor communication should be from registered domains. Be cautious if from email service provider i.e. Gmail or Yahoo

Load Verification

- Call the debtor's accounts payable department to verify the load information is correct
- Only use established contact information found in your ERP or the company website.

Questions?