WHAT ARE VIRTUAL OFFICES?

In Article III of the International Registration Plan, a motor carrier may select a base jurisdiction (i) where the applicant has an established place of business, (ii) where the fleet the applicant seeks to register under the Plan accrues distance, and (iii) where records of the fleet are maintained or can be made available. The Plan defines “established place of business” as a physical structure located within the base jurisdiction that is owned or leased by the applicant or registrant and whose street address shall be specified by the applicant or registrant. A virtual office might be a flexible workspace or just a P.O. box and is not a traditional “brick and mortar” building. A virtual office does not meet the definition of an established place of business as defined by the Plan and therefore not be allowed to be utilized in any member jurisdiction.

WHY ARE VIRTUAL OFFICES A PROBLEM?

- Virtual offices oftentimes are used to hide fraudulent activity and crimes, such as tax evasion. Many times fraudulent activity could result in a substantial loss of revenue to jurisdictions.
- Chameleon carriers may attempt to use virtual offices as a way to evade detection, thus resulting in unsafe motor carriers continue to operate.
- Auditing a motor carrier could prove impossible for jurisdictions when virtual offices are used.
- Under FMCSA’s PRISM program, some jurisdictions revoke IRP registrations for those vehicles associated with a motor carrier under an FMCSA-issued out of service order. The use of virtual offices poses a great risk of law enforcement personnel not being able to find representatives of the motor carrier to serve those orders, thus potentially leading to unsafe carriers continuing to operating on our highways.

WHAT ARE CLUES TO RECOGNIZE A VIRTUAL OFFICE?

- Examine lease agreements.
  - Closely examining lease agreements provided by motor carriers can reveal clues that could indicate the use of a virtual office. Some of those clues include agreements that have unusually low cost amounts.
- Be aware of the same address with many suite numbers.
  - Several motor carriers using the same address with several different suite numbers can be indicative of a retail business that offers a mailbox with a street address for a monthly fee.
- Create a hot list of suspicious addresses.
  - Keeping a list of suspicious addresses and addresses known to be virtual offices via a spreadsheet can be useful in identifying potential virtual offices when utilized by staff.
- Use online mapping programs.
The use of Google Maps or other online mapping programs can be helpful by taking a street-level view of an address without physically visiting an address. Oftentimes this can yield clues of a virtual office.

- Visit the address.
  - Physically going to an address could yield evidence of a virtual office.
  - State and provincial law enforcement personnel can be a great resource in identifying virtual offices by requesting their assistance in physically going to an address to verify that it is not a virtual office.

- Be alert to a motor carrier having no mileage in their base jurisdiction.
  - A motor carrier that doesn’t travel in their base jurisdiction could be indicative that they may not actually have an office within that jurisdiction.

- Establish relationships with local governments.
  - Oftentimes county, city, or town officials are knowledgeable about office locations in their jurisdiction. They can provide valuable information when trying to detect a virtual office. For example, the use of local property tax records could be helpful in identifying the actual owner of property at an address.

- Use available research tools.
  - Comparing data available in available databases such as NAS, MCMIS, and SAFER (all FMCSA maintained resources) can be helpful in identifying virtual offices.

**WHAT ARE SOME TECHNIQUES FOR PREVENTING THE USE OF VIRTUAL OFFICES?**

- Require multiple proofs of address.
  - Many jurisdictions find providing three or more proofs of business address is a good technique to preventing the use of virtual offices.

- When establishing proof of established business, use documents that are more likely to require a traditional address.
  - The use of documentation such as utility bills, building leases, or property tax documents that are more likely to require the use of a traditional “brick and mortar” address could enhance preventing virtual offices from being used. Be cautious, however, of the potential use of altered, forged, or counterfeit documents.

- If legislation allows, request motor carriers provide proof, such as W2s, of the employment of support staff.
  - Providing proof that support staff, such as an office secretary, could be indicative of a legitimate place of business, though keep in mind that many small motor carriers don’t employ such support staff.

- Place a hold on carrier’s records when mail is returned with undeliverable addresses.
  - Establishing a procedure that places a hold on a motor carrier’s account when mail is returned as undeliverable can prevent further use of a virtual office. Many jurisdictions require the motor carrier to provide proof of business address again to release holds in response to address problems.