

Geo-Tag; You're It

Start Using Technology to Reduce the Risk of Fraud

WAS YOUR EQUIPMENT “REALLY” DELIVERED? Does your collateral “really” exist? Is it “really” at the proper location? Geotagging should provide these answers! Geographical tagging, or geotagging, is a low-cost verification tool that provides funding sources with additional confidence and information about the delivery and existence of their equipment/collateral.

Typically, in an equipment lease transaction, the lessee executes a delivery and acceptance certificate confirming the delivery and acceptance of the equipment by the lessee. Although this certificate, in theory, confirms delivery of equipment, oftentimes funding sources require additional verification that the equipment (i.e., their collateral) is in place, that the lease has commenced and that the equipment is an available source of recovery. It is not unusual for funding sources to hire third-party inspection services to also provide this information. However, on smaller ticket transactions (and sometimes on larger transactions), the costs and/or delays associated with having a physical inspection of each item of equipment may be prohibitive or impractical. Welcome to geotagging—a relatively new, quick and effective use of technology to confirm proper delivery of equipment.

What Is Geotagging?

Geotagging refers to the process of adding geographical information to digital photographs and other digital files (such as documents, emails, etc.). This information is stored in the

photograph as metadata (hidden data about the photograph or digital file) and usually includes geographical information to accurately pinpoint where the photograph or digital file was taken. It is refreshing that there is no cost to access the coordinates of the files that are geotagged.

How Can Geotagging Help?

Geotagging can be used in many ways. A common procedure is to request that the lessee send the funding source one or more pictures of the equipment (including serial numbers) upon its delivery to the lessee (and/or at the time the lessee executes the delivery and acceptance certificate). When the funding source receives the digital picture, it can access the geographical information automatically embedded within the photograph and “really” confirm the existence, location and delivery of the equipment.

How Are Photographs Geotagged?

GPS-enabled smartphones and digital cameras can (and normally do) geotag photos and videos automatically. Addition-



Equipment lessors should consider amending their lease documents to require lessees to send digital photographs of the equipment with geographical data.

ally, most emails and Internet files sent from GPS-enabled computers and devices will also store geographical metadata automatically.

How Can You Access This Geographical Metadata?

After receiving a media file:

1. Open the file.
2. Right-click the image, video, email, etc., and click "Properties." Thereafter, a window will open with information on the file.
3. Open the "Details" tab.
4. Generally, you must scroll down to view the longitude and latitude coordinates, which will be located in the middle to the end of the window (oftentimes there will be an altitude coordinate as well).

What Can You Do with the Coordinates?

After you have received the coordinates of your media file, you can use a number of online tools to pinpoint the location where the photograph was taken. A popular website, www.gps-coordinates.net, allows you to enter the coordinates and will show you on Google Maps the location and address where the photograph was taken. There are many other websites that can be used as well. Note that geotagging varies in accuracy depending on the metadata collected. However, it generally remains a very useful and low-cost tool to verify delivery of equipment.

How Do You Insert the Coordinates on the Website?

Here are a few helpful hints when inserting latitude and longitude coordinates into most websites. The websites usually request the coordinates in either a (1) DMS, or degrees, minutes, seconds format, which also requires you to insert a direction (i.e., north, south); or a (2) DD, or decimal degree format.

If the coordinates are to be inserted in a DMS format, please note that latitude is based upon the equator. Any location north of the equator contains a "north" latitude and, in turn, anything south of the equator contains a "south" latitude. If you require a DD format for the coordinates, north of the equator is a positive number and south of the equator is a negative number.

Similarly, longitude coordinates are based upon the prime meridian, which is an imaginary line running from north to south through Greenwich, England. Anything west of the prime meridian has a "west" direction in a DMS format and is a negative number in a DD format. In contrast, anything east of the prime meridian is referred to as "east" in a DMS format and contains a positive number in the DD format. For example, the latitude and longitude for Long Island, New York, is generally 40° 47' 20.913" north by 73° 8' 5.857" west in the DMS format and 40.7891424 latitude by -73.1349 longitude in DD format.

Can the Geotagging Be Disabled?

Although it is possible for the geotagging feature on a camera or smartphone to be turned off, if the picture sent by the lessee does not contain

the required information, the funding source can disclose the purpose of the photograph and make a specific request for the information (i.e., please turn on the geotagging feature on your phone or camera and resend the picture). To the extent the lessee fails to comply, a red flag has now been raised and the funding source can take appropriate action, such as ordering an actual inspection and/or refusing to pay the vendor until the delivery of the equipment has been confirmed.

Additional Benefits to Geotagging

The use of geotagging to verify the location and delivery of equipment is simple, quick, inexpensive and efficient. It is easy for the lessee to email a photograph and straightforward for the funding source to access the geographic information. Equipment lessors should consider amending their lease documents to insert language requiring the lessee to send the funding source digital photograph(s) with geographical data upon delivery of the equipment as well as upon request (and/or at other specific times throughout the lease term) to verify that the equipment has not been relocated. Geotagging also can be very useful in processing an insurance claim for missing equipment because you should be able to prove to the insurance company that the equipment actually did exist before it was "stolen." Furthermore, geotagging can be used with videos as well as pictures to confirm the operation of the equipment at the location.

Geotagging Is Not Limited to Equipment Lease Transactions

Geotagging has application in any situation in which verification of the location and existence of equipment or collateral is important. For example, it can be used in sale-leaseback transactions, asset-based loans and/or other forms of equipment financing. Clearly, geotagging is not as useful for equipment that is easily moved from one location to another.

Conclusion

Geotagging can be used to verify delivery and location of equipment. With the rise of mobile computing and enhanced Internet capabilities, geographical tagging is becoming increasingly more feasible and logical. It is a low-cost, efficient method to reduce risks of fraud involving nonexistent, missing and/or double financed equipment. Currently, geotagging is not widely used in the industry but its popularity is starting to grow. It is time to spread the word or, put another way, it is time for you to "geotag" someone else and inform them of the benefits of geotagging. ■



Robert S. Cohen is a Partner at Moritt Hock & Hamroff LLP.