



## **Printing Industry of Illinois/Indiana Association**

70 East Lake Street, Chicago IL 60601  
IL (312) 704-5000 IN (317) 631-5780 fax (312) 704-5025  
www.pii.org

September, 2008

### **C.S.I. Credit Scam Investigations: *Internet Nightmares***

An urgent fax or email with a request for a quote lands on your desk. It's an easy job, maybe one color on 8½ x 11 white bond, perhaps a quantity of 70,000, no pictures, just one line of text that might read "For God be the Glory" or "Let's Save the Children". The customer doesn't even want the job folded! And, he'll pay by credit card. What could possibly go wrong? Plenty!

A request of this nature carries all the warning signs of a "CNP" scam. CNP, or "card not present", sales offer enterprising thieves the opportunity to have the goods they are stealing shipped directly to them. CNP sales differ from point of sale (POS) transactions in that merchants (you) do not ever see the actual credit cards or the persons proffering them. Credit card purchases are made over the phone, through the internet or by mail by providing the data printed on the cards. These transactions are far less secure undertakings for merchants to engage in, given that the information being provided can't be confirmed by a glance at the card. In the case of printed product, the thieves don't necessarily want the printing itself, they want the shipping costs. Here's how a CNP scam in the printing industry works:

You are contacted, usually by email, by a prospective customer. In past cases, a 'Reverend', while more recently, common English names, such as 'August Smith,' are looking to purchase printed product with a credit card. The job is so simple that an emailed PDF proof is all that is needed. Often the job is to be shipped to Nigeria or Ghana or another, typically, African country, with the buyer unconcerned about the tremendous cost of transporting the order. In some cases, the buyer will ask to split the cost of the order among a number of credit cards.

***Warning flag #1:*** Why would anyone buy \$2,500 worth of printing in the USA and have it shipped for an additional \$7,000 to Ghana?

That's what raised the eyebrows of several PII members, some of whom have received not one, but multiple requests for printing with shipment to Ghana in the same week. For one of our members, the first order went through the company's routine order entry process. Having no past history with the printer, the job was quoted with a 50% down payment and 50% due upon shipment. The customer quickly agreed and provided a credit card for the first amount, which was processed without any problems.

The customer was in a hurry and pushed for quick print production and shipment, recommending a particular freight company in order to expedite the shipping process. While the printer could not readily verify the legitimacy of the shipping company, the printer wasn't overly concerned because he had the customer's credit card number.



**Warning flag #2:** International shipping rules and regulations must be followed; appropriate tariffs, customs and duties must be paid. You should be able to easily verify a legitimate shipping company's corporate registration in its state of domicile.

When a second print order request arrived in the same week, on top of the first order's request to ship to Ghana, the member contacted our office. After we reviewed the print orders and the various email customer 'conversations', we advised the member to have the customer follow the member's usual and customary new account process, which included the completion of a credit application form, even though the customer was providing a credit card for payment.

Unsurprisingly, the customer balked. The printer attempted to contact the customer by phone, to explain why the information was needed and that the job could not proceed without proper credit documentation. After a lengthy, one-sided telephone "conversation", the customer hung up and immediately the transaction was over.

**Warning flag #3:** A prospective customer should not be put off by your request for a completed credit application.

A few days later, our member learned that the credit card payment for the original 50% of the job was bounced by the credit card company. The card had been stolen. Printers must be especially wary of fraudulent credit card transactions because you will bear the financial burden of any losses. While an individual is liable for only the first \$50 of charges made with a card stolen from him, a business that accepts a purloined card is left holding the bag. There is no \$50 cap on the seller's losses.

In these cases, where stolen credit cards are used to purchase printing and shipping, the printer will be out for his direct costs of paper, ink, cartons, and more, plus the labor investment plus the shipping costs. Remember that the printer accepted the credit card (or cards) as payment of the printing plus freight costs. The printer pays the freight company directly, charging the customer's credit card for the printing and shipping costs. When the card is rejected by the credit card company as stolen, the printer is out all the freight costs and out of luck.

There is another scenario that can play itself out in this scam. You accept the credit card for the printing. You accept the credit card for the shipping charges. So far, everything is going smoothly—the job is in production and it's already paid for in full, including that exorbitant shipping cost. Then you receive a communication from the unverified freight company, advising you that they made a mistake in their price quote for the shipping and the actual freight charges will be lower. You advise your customer, smiling inside, because you are now saving your customer money—you're a hero! The customer is delighted that you are so honest and forthright and that you will be refunding him the freight overcharges. To make things easiest for you, why not wire that excess amount to the customer instead of issuing a credit against the credit card.

When the card bounces (and it will), all charges will be reversed against you. You aren't out just those charges, you're out the 'refund' money you wired to your customer—a double hit!

On the internet, the Urban Legends Reference Pages at [www.snopes.com](http://www.snopes.com) offer the following tips on how to avoid falling victim to CNP scams:

**Always remember that electronic approval of a credit card only proves that the credit account itself is valid, it does not guarantee that the person presenting the card is its legitimate holder.** Let's repeat that: obtaining an approval code only means that the credit card is active and the funds are available; it does not mean that the individual providing the credit card numbers has the right to use the card.

**When faced with a suspect order, verify the customer's billing address, either electronically or through an automated phone system by accessing an Address Verification System (AVS).** Remember that AVS programs are not foolproof. Scammers today are sophisticated and can have access to the correct billing addresses on stolen credit cards.

**Call the credit card's issuing bank to verify that the card has not been reported stolen before proceeding with any large order.** Verify the cardholder's phone number. If the phone number on the order matches, simply place a courtesy call to the customer to make absolutely certain it is the cardholder making the purchase. Cardholders welcome the added precaution.

**If the phone number on the order does not match what the bank has on record, send the customer an email asking for the correct billing phone number.** In the meantime, try to find the cardholder's phone number by visiting [whitepages.com](http://whitepages.com). Verify each number with the bank to make certain it is the real cardholder's number before calling. Keep detailed notes to refer to later. *Follow your gut instinct. If something just doesn't feel right about the job, don't do it.*

**Be wary of any CNP transactions (internet, mail, telephone order) where one or more of the following indicators is present:**

- New or unknown customers.
- Larger than normal orders.
- Orders placed where card numbers used are similar and/or sequential.
- Orders going to international addresses.
- Many orders shipped to a single address.
- Order shipped rush or overnight, especially through an unknown or unverified shipper.
- Orders originating from free e-mail addresses (e.g. @yahoo.com, @google.com).
- Orders where the 'ship to' and 'bill to' addresses are different.
- Orders with requests that costs be split on one card or across several cards.

*The moral of this CSI – Credit Scam Investigation:* We recall a wise old saying originally referring to the freshness of food—*When in doubt, throw it out!* The same can be said about print order requests that appear to be a dream but are in reality *Internet Nightmares!*

---

The Printing Industry Credit Bureau (PII Credit Bureau) is a service of the Printing Industry of Illinois/Indiana Association. We assist our members every day in teaching you how to use the internet to conduct due diligence in issuing credit to your customers. For more information, contact Andrea Schlack at 847-265-0400, [aschlack@pii.org](mailto:aschlack@pii.org) or visit the PII website at [www.pii.org](http://www.pii.org) where you'll click on the *Credit and Collections* button on the left hand side of the page.