



Counterfeit Plastics

The Life of a Counterfeit Card and how to stop it!

Counterfeit Cards

Information technology has made **counterfeiting activity** available for the average criminal.

Federal Trade Commission estimates that 10 million Americans have their personal information pilfered and misused in some way or another every year, costing consumers \$5 billion and businesses \$48 billion annually.



Creating Counterfeit Cards

How do the fraudsters get my members' information?

- 1. Data Breach-** Data Breach occurs when information is released or accessed by unauthorized individuals.
- 2. Skimming-** Skimming is replicating account information encoded on the magnetic stripe of a valid card using it for fraudulent transactions.
- 3. Social Engineering-** Social Engineering is the act of manipulating people into divulging confidential information.



Polling Question

- What keeps you up at night?
 - Data Breach
 - Skimming
 - Social Engineering



1. Data Breaches

Data Breach occurs when information is released or accessed by unauthorized individuals.



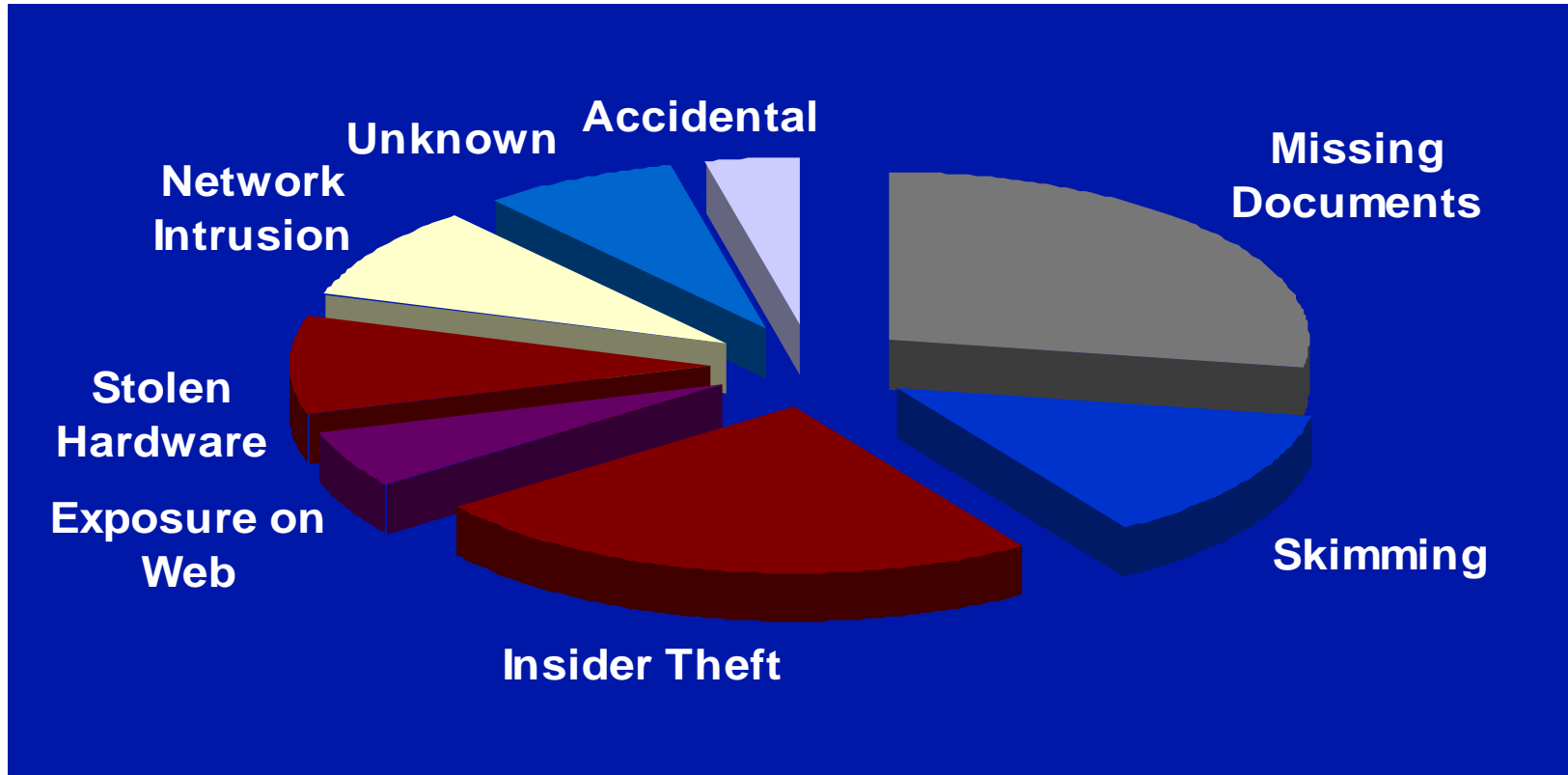
2008 Data Breach Statistics:

- 90 confirmed Data Breaches were reported
- 285 million records were compromised



1. How Data Breaches Happen

How are the Fraudsters gaining access to my data?



1. Ways Data Breaches Can Be Used

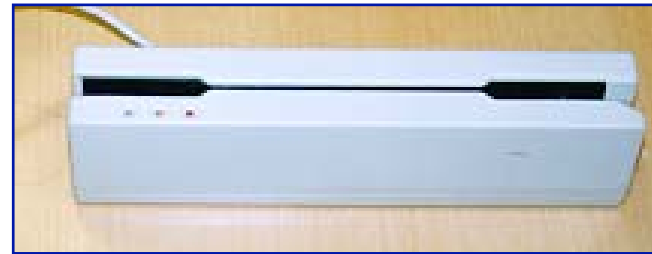
Online Carding Sites

Online Carding is a virtual criminal network involved in the buying and selling of stolen financial information including credit card data, login credentials as well as equipment used in carrying out financial crimes.



2. Skimming

Skimming is replicating account information encoded on the magnetic stripe of a valid card using it for fraudulent transactions.



Reader/Writer



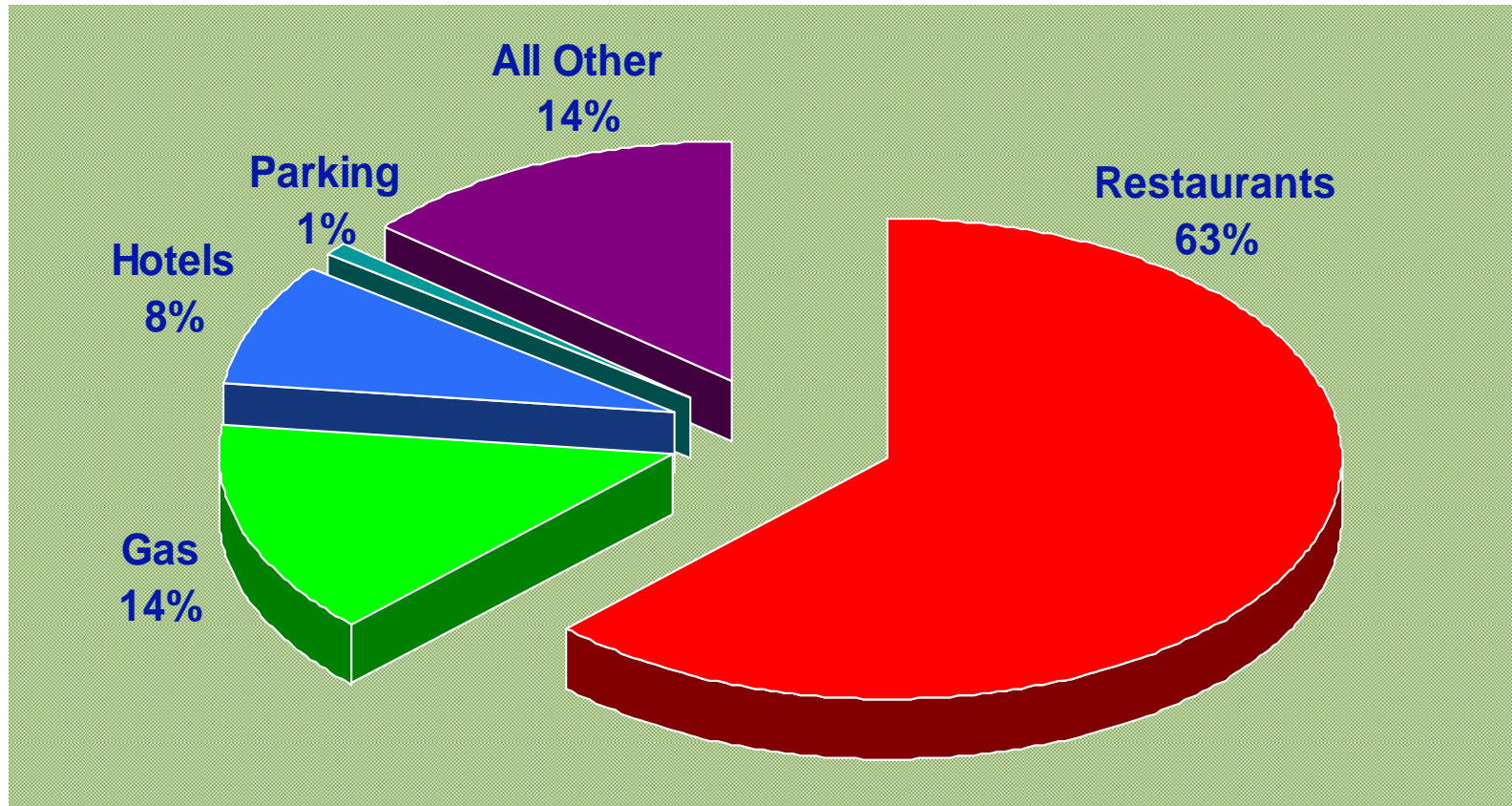
False ATM Front



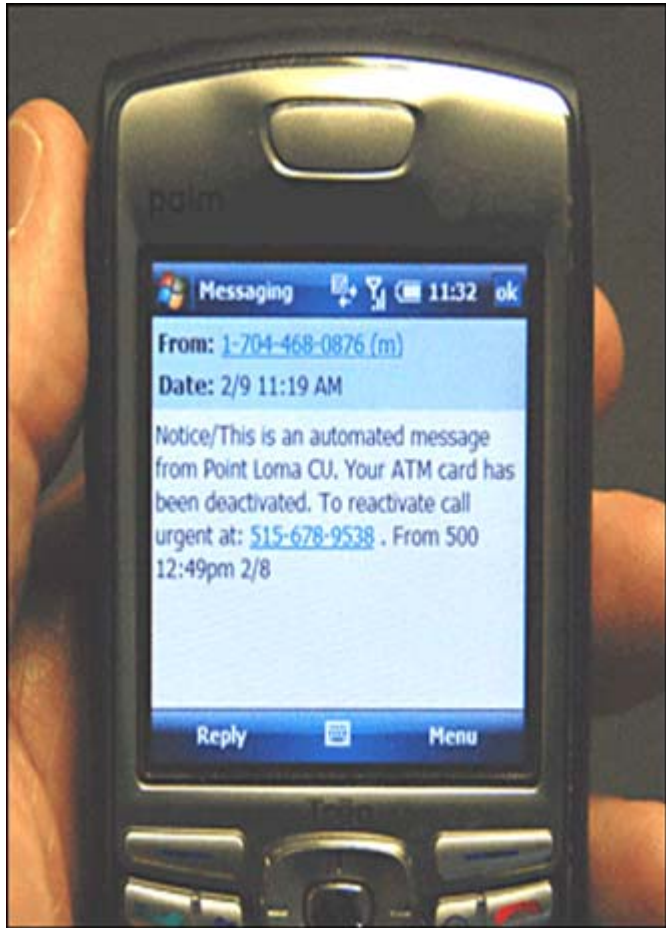
Reader connected to a laptop



2. Where Does Skimming Occur?



3. Social Engineering



Social Engineering is the act of manipulating people into divulging confidential information.

Types of Social Engineering

- Phishing
- Smishing
- Pharming
- Vishing



3. Social Engineering - Vishing

- Higher use of call centers make it more acceptable for request of personal information over the phone
- Easier to get to highly susceptible group such as elderly individuals



Creating Counterfeit Cards

Testing the Data for Validity

Online merchant authorizations

Stolen Merchant Numbers



Create the Plastic

- Altered Cards
- Manufactured Cards
- White Plastic
- Stolen Unembossed Plastics



Using the Counterfeit Cards

When? Immediately following Compromise
Hold data until issuer becomes unsuspecting
of use.

Where do they use them?



Gas Stations



Grocery Stores



Wal-Mart*



The Investigation

- **Challenge Process**
- **Common Purchase Point**
- **Contact Merchants and Law Enforcement**
- **Look for Association Chargeback and Compliance Opportunities**



Polling Question

- How do you typically handle Account Data Breach information?
 - Send member letter to monitor their account
 - Monitor through special risk mitigation strategy
 - Monitor through normal mitigation strategies
 - Block and reissue
 - Change expiration date



Mitigation Techniques

Fraud Detection Tools:

- Real Time Detection such as Falcon Neural Network
- Exception reporting



Member Education:

- Cardholder Welcome Calls
- Statement Messaging
- Statement Inserts
- Emails
- Website Alerts



Mitigation Techniques

- Industry Communication – Processor/Association Fraud Calls
 - FICO Fraud Call (www.fico.com)
 - FICO Fraud Alert Network (www.fraudalertnetwork.com)
 - IAFCI (www.iafci.org)

The FICO logo is displayed in a bold, dark blue, sans-serif font.

Life and Death of the Counterfeit Card

Summary



- Gathering the Data
- Creating the Card
- Fraudsters using the Card
- Investigating the Activity
- Mitigating the Risks



For More Information

Angie Hille, Assistant Vice President, Security Fraud and Chargebacks

812.647.9573

Angela.Hille@cmcone.com

www.CMCone.com and www.nafcu.org/cmc

CMC is a proven provider of outsourced support services aligned with credit card, debit card, private label card, and various loan products to over 100 financial institutions and merchants throughout the United States. An experienced industry leader since 1988, we specialize in the delivery of superior quality servicing solutions to domestic and international clients. Capitalizing on our multi-platform technology, our full service contact center provides 24x7/365 multi-lingual services to approximately 1.7 million cardholders. ***CMC is in business to help you grow yours!***

