

Credit Card Fraud—Skimming Money Out Of Your Pocket

(NAPSA)—Imagine going out to dinner at a local restaurant. Your server takes your credit card and returns to tell you that your card has been declined. Later, you discover the account has charges totaling more than \$800 that you did not make.

A recent case highlights the potential for credit card fraud when you don't witness a transaction. San Francisco police arrested a waitress for unauthorized use of a credit card after having received several similar reports of credit card fraud at a Bay Area restaurant.

All the victims remembered using their credit card at the same restaurant and identified the waitress as their server. The waitress told authorities she had sold the card numbers to a friend for \$40. A total of \$17,500 was charged on the cards to pay for electronics, clothing, cell phones and utility bills.

Credit card fraud is on the rise and costs issuers hundreds of millions of dollars each year. Credit card customers are often not held responsible for fraudulent charges, as long as they report the fraud in a timely manner.

The convenience of using a credit card to pay for a meal at a restaurant, for example, belies the risk for credit card fraud, said Kathy Li, director, Consumer Action in San Francisco. The restaurant industry is plagued with the highest incidence of credit card skimming, the unscrupulous practice of swiping a customer's credit card through a device, similar in size to a beeper, to record the magnetic strip data for the creation of fraudulent credit cards.

Consumers are urged to watch closely as store and restaurant employees handle their credit card to make sure they are not copying or "skimming" the credit card number. The information that is obtained can be used to order products and services online for



Don't carry credit cards you don't use.

several weeks until the unsuspecting victim is made aware via his or her monthly credit card statement, which can give the thieves plenty of time to run up bills.

Thieves may sell your information. Often, the criminals skimming your information into the device are not the same criminals that are using that information to commit identity theft or other crimes of fraud.

The card information can be encoded onto new white plastic counterfeit cards. The card can then be swiped at ATMs or at a merchant location.

If fraud strikes, you should act right away by calling the card issuer to report the card as being lost or stolen. Follow up the phone call with a letter to your issuer, which should include the card number, and the date you reported it lost or stolen, because once the loss of the card is reported, the consumer is not responsible for unauthorized charges.

"Even if a consumer is late in reporting the loss, or was not aware of the unauthorized use until their next statement arrives, their liability is limited to \$50 per card by federal law, although many issuers have \$0 liability policies," explained Li. "However, it must be reported in a timely manner to avoid losing protections under the law if there's negligent

failure to report the loss of the card."

"Identity theft is a cruel crime that can continue beyond someone losing their money or personal property; it's a crime that can rob innocent men and women of their good credit, reputation and financial well-being without them ever knowing it has occurred," said Mike Laubsted, senior vice president of Card Fraud Operations for WaMu (Washington Mutual) Bank.

According to both Consumer Action and WaMu, there are a number of things consumers can do to protect themselves against credit card fraud and identity theft, including:

- When making a purchase, after the credit card is returned, make sure it's your card.
- Always make sure you get your credit card receipt because it may include your credit card number.
- Never give your credit card number over the phone to someone you do not know.
- Never respond to an e-mail asking for your credit card number or personal banking information, no matter how official or legitimate it looks.
- Carefully review your monthly credit card statement and report any discrepancies right away.
- Notify the credit card company if you decide to make any unusually large purchase; otherwise, the account may be flagged for possible fraud.

"Even though there has been a lot of consumer education information published, in our experience, many consumers are still very concerned but are not completely knowledgeable about credit card fraud and identity theft," explained Laubsted. "Every consumer can take some very basic but effective actions to prevent identity theft from occurring in most instances."