



**NRF LOSS PREVENTION
CONFERENCE & EXPO**

NEW ORLEANS
CONFERENCE JUNE 20-22, 2012
EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Gift Card Fraud Issues and Challenges

John Knowlton
Manager, Corporate Loss Prevention









NRF LOSS PREVENTION CONFERENCE & EXPO

NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12


Safeway at a Glance

- 10 operating regions
 - California (2); Canada; Chicago; Denver; Phoenix; Portland; Seattle; Texas; Washington DC
 - 49% share of Casa Ley, S.A. de C.V.
- 9 company banners
 - Safeway; Vons; Pavilions; Dominick's; Pak'n Save; Randalls; Tom Thumb; Carrs; Genuardi's
- Blackhawk Network (gift cards)
- Safeway.com (delivery)







National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** | **NEW ORLEANS**
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Gift Card Fraud Issues and Challenges


- Various Types
 - Simple
 - Complex
- Victims
 - Your Customers
 - Unknown 3rd parties
 - Brand name
- How to ID and solve
 - All require data!

National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** | **NEW ORLEANS**
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Gift Card Fraud & Data

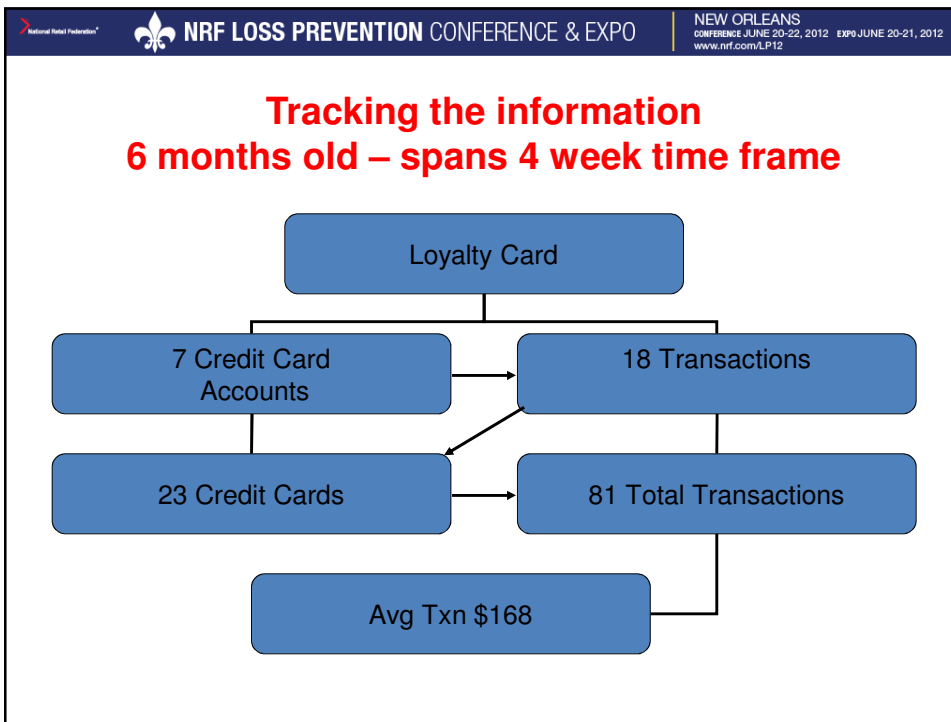
- Type of information held by retailers:
 - Items Purchased
 - Form of payment
 - Loyalty Card
 - Other Transaction data
 - Specific pattern of behavior
 - Type of product
 - Stores location, dates/times of transactions
- What happens when it all comes together..



National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** | NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Greed, Lust & Revenge!

- Spurned lover contacts Safeway
- Willing to “sell” information
- States customer is “stealing Hundreds of thousands of dollars...”
- Provides information that is 6 months old
- States Suspect is married to a law enforcement officer



National Retail Federation® **NRF LOSS PREVENTION CONFERENCE & EXPO** NEW ORLEANS
 CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
 www.nrf.com/LP12

What was purchased?















National Retail Federation® **NRF LOSS PREVENTION CONFERENCE & EXPO** NEW ORLEANS
 CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
 www.nrf.com/LP12


How was it paid for????




- 48 Transactions
- 10 unique credit card numbers
- \$7,896



- 13 Transactions
- 8 unique credit card numbers
- \$2,228



- 20 Transactions
- 5 unique credit card numbers
- \$3,540

National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** | NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

What we DID NOT have

- Current transactions
- Personal information linked to any of the club cards
- Commonality of items purchased
- Transactions linked to “declined” credit cards that we could track
- History of the credit card linked to legitimate transactions
- Direct loss to Safeway (no chargebacks)
- Time to devote to further research

National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** | NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Fast Forward 3 Months

- **Customer complains Safeway is the point of compromise for his credit card**
- **Clerks advise customer is well known, always purchases gift cards**
- **Compromised credit card is linked to 7 transactions in San Jose and Contra Costa County stores**
- **All purchases linked to the same loyalty card**
- **Loyalty card linked to 21 transactions with 6 different credit card numbers**
- **ALL SORTS OF CURRENT DATA WE CAN RESEARCH!**



New Information

- Found an additional 41 similar transactions:
 - Linked to 7 specific club card numbers
 - Linked to 30 unique credit card numbers
 - \$26,500 worth of fraudulent charges
- Research further found:
 - “Clustering” of club card numbers
 - Same area of store locations

National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Research

- Completed research using:
 - Accepted forms of payment
 - Declined forms of payment
 - Club card data
 - Transaction data
- Confirmation of credit card compromise
- Linkage of primary suspect to at least one other “person of interest”

National Retail Federation®  **NRF LOSS PREVENTION CONFERENCE & EXPO** NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Completed Research

Took case to law enforcement in late Aug. 2010

Transaction activity between December 2007 ~ August 2010

321 Unique Credit Card Numbers

\$467,540 in transactions

\$275,471 in various gift card purchases

\$81,000 in BART transit tickets

Video clips of 47 different transactions

 **NRF LOSS PREVENTION CONFERENCE & EXPO** **NEW ORLEANS**
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12


Law Enforcement Research

- Confirmed prime suspect is married to law enforcement
- Linked prime suspect to mail thefts from American Airlines in early 2000's
 - Worked with Co-Conspirators
 - Our CI & Person of Interest
 - Involved in credit card fraud for over 5 years
 - Re-encoded mag stripe with Card Access badge system software/hardware for AA

 **NRF LOSS PREVENTION CONFERENCE & EXPO** **NEW ORLEANS**
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

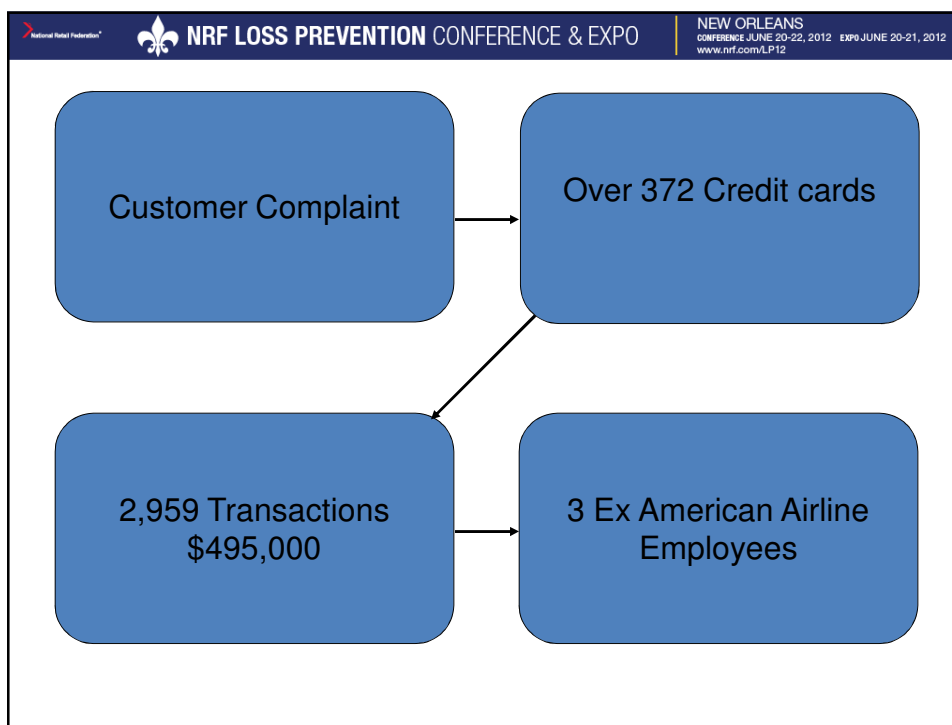
Law Enforcement Research

- Best Buys gift cards to purchase high end electronics – then sold on internet auction sites
 - Prime suspect would “shell bid” the price up on the auction sites
- Prime suspect took “orders” for transit cards
- Suspect intentionally held compromised cards 3 months before using
- LE research resulted in 3 search warrants served in 2 states
- ID 370 unique victims
- Resulted in 5 year sentenced

National Retail Federation  **NRF LOSS PREVENTION CONFERENCE & EXPO** NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Take A Ways

- **Most Successful investigation**
 - We have a local “Victim”
- **For Retail**
 - “Package” your case prior to going to law enforcement
 - Take time to speak with investigators and explain the type of evidence you can and can not share!
- **For Law Enforcement**
 - Do not limit your request to specific incident – always include “any other information....”
 - Use the aggregate of information to help ID the suspect movements



NRF LOSS PREVENTION CONFERENCE & EXPO | NEW ORLEANS
20-22, 2012 | EXPO JUNE 20-21, 2012

The Examiner
sfexaminer.com

Airline employee accused of stealing, using customers' credit card numbers

TAGS: [American Airlines](#) | [Micheline Johnson](#) | [Mineta San Jose International Airport](#) | [San Jose International Airport](#)

By [Bay City News](#) 02/16/11 8:02 PM

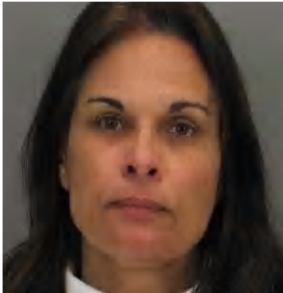
COMMENTS (0) [SHARE](#) [PRINT](#)

A former American Airlines employee at Mineta San Jose International Airport is facing 66 felony charges for allegedly stealing and using customer credit card numbers.

Prosecutors claim Micheline Johnson, 49, of Concord, skimmed customers' credit card numbers for several years while she worked as a customer service agent.

They say she used those numbers on counterfeit credit cards to make purchases of more than \$480,000 at Safeway stores in California, Nevada and Washington.

The alleged scheme began sometime around December 2007 and lasted through October 2010, Deputy District Attorney Tom Flattery said.



Former American Airlines employee Micheline Johnson, who worked at Mineta San Jose International Airport, is facing 66 felony charges for allegedly stealing and using customer credit card numbers. (Courtesy photo)

NRF LOSS PREVENTION CONFERENCE & EXPO | NEW ORLEANS
CONFERENCE JUNE 20-22, 2012 | EXPO JUNE 20-21, 2012
www.nrf.com/LP12

Questions???