

SCHEMES TO DEFRAUD MANUFACTURERS, SUPPLIERS, OR DISTRIBUTORS

These schemes are common among criminals. Con artists and organized criminals will establish a fake company, buy materials on credit and vanish. Sometimes they will set up a company with a name and address almost identical to a well-known, respected company. This way suppliers are misled into granting them credit. Sometimes these types of fraud are hard to detect. Question the following conditions:

- A sudden change in your customer's management staff without any prior notice
- The customer's payments start to lag behind, and the credit balance starts to climb
- A new customer suddenly orders an unusually large amount of merchandise on credit
- Business references for the customer cannot be verified
- Suddenly a company increases its orders

If you notice these signs, take action. Get to know the new management of a company. Do a careful credit check on the customer. Make sure that the new orders are not filled until a credit check has been completed.

If you are a victim of any type of fraud, notify law enforcement immediately. Remember to save business invoices, notes, letters and any other relevant documents.

FOR FURTHER INFORMATION, CHECK THE FOLLOWING RESOURCES

National Fraud Information Center
www.fraud.org or 1-800-876-7060

Office of the Attorney General
www.ag.ca.gov

U.S. Department of Justice
www.usdoj.gov

Federal Trade Commission
www.ftc.gov or 1-877-IDTHEFT

MERCHANT CREDIT CARD VERIFICATION

American Express	1-800-528-5200
Discover Card	1-800-347-2000
Visa/Mastercard	1-800-228-1122

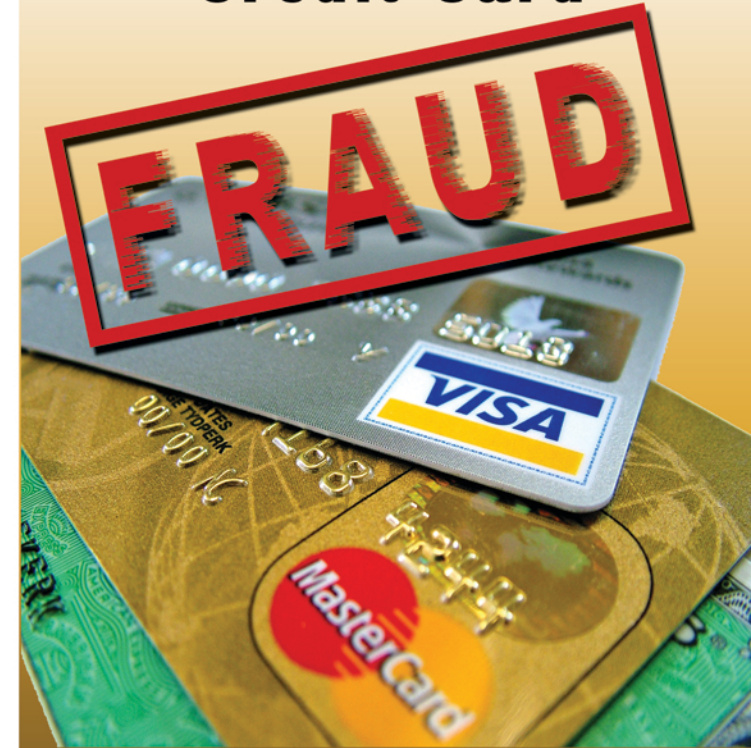


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Check and Credit Card



A Resource Prevention Guide For Businesses

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WHAT CAN YOU DO TO PREVENT YOUR BUSINESS FROM BEING A VICTIM OF FRAUD.

LEARN HOW TO RECOGNIZE FRAUD BEFORE IT'S TOO LATE!

False Identification

False identification can contribute to additional financial loss from bad checks and credit cards. To minimize this problem, businesses should require at least one primary form of identification when accepting a check or credit card payment.

Primary Forms of Identification

- Valid California Driver's License
- Valid California Identification Card
- An employee identification card with laminated photo (check for alterations)

The following should NOT be considered an acceptable form of identification

- Membership Cards
- Library Cards
- Social Security Cards
- Any card or any form of identification that appears to be altered

False identification cards are easy to obtain and inexpensive to purchase. If you are not certain that the identification is valid, terminate the transaction.

Refund Policy

To minimize fraudulent refunds losses, consider these policies:

- Issue cash refunds only to customers who have a sales receipt verifying the purchase
- Establish and post a policy for returning non-defective merchandise without a receipt
- Do not refund cash if the initial payment was made by check
- Consider an exchange only policy
- Always require primary identification and maintain a file of returns

Credit Card Fraud

When accepting credit cards, it is good practice to ask for a primary form of identification. This will assist you in determining if the credit card belongs to the individual making the purchase. Train employees to follow each credit card company's authorization procedures. If the credit card company indicates the card is stolen, explain to the customer that there is a problem getting authorization and that you need to keep the card. Call the Pittsburg Police Department immediately.

Establish internal procedures for this kind of incident, and be consistent with enforcing procedures. Watch for suspicious signs that are indicative of credit card fraud such as:

- The credit card has been altered, has expired, or is not yet valid
- The signature on the back of the credit card does not match the signature on the sales slip
- A customer that makes several purchases in the same department, all under the amount requiring authorization from the card issuer or management approval

Special Notes

- When suspicious activity is observed, call for an authorization from the credit card issuer, indicate your suspicion and follow instructions.
- Remember, your safety is important. If the customer becomes abusive, call law enforcement immediately.
- Always destroy carbon copies from credit card invoices or offer them to customers so that the credit card numbers and names do not fall into the wrong hands. If you have a credit card invoice printer, make sure the merchant roll is destroyed after bookkeeping transactions.

Check Fraud

The number one loss for businesses is check fraud! Stolen checks can be forged or legitimate checks can be altered to show much higher amounts. Fraudulent checks generated on home computers are also becoming more prevalent. If you believe a check might be fraudulent, call the bank to verify that the account is active and if the account number matches the name on the check.

Set up check cashing guidelines - and follow them!

- Require employees to follow company guidelines regardless of the amount
- Require a primary form of identification to cash a check. Make no exceptions
- Require management approval for out-of area checks
- Only accept checks imprinted with the customer's name, address and bank account number
- Limit the check to the amount of purchase
- Require a thumb print on the check for positive identification
- Do not accept two-or-more party checks
- Do not accept postdated checks
- Do not accept checks that have been altered

