

Ask The Expert

Inconsequential \$\$\$ Charges Are Big Fraud Payoffs

Identify theft and fraudulent credit card charges go hand and hand. Most cardholders are astute to monitoring their card's activity to ensure no major unauthorized purchases have been made on their account.

However, do you monitor for unauthorized charges involving minimal amounts, often less than a few dollars? Based on my experience with credit card bills, I scan the bill for large and unusual charges, and then file the statement for payment.

Last month, while volunteering at a church bingo night, I learned of a scam involving a \$2.95 charge added to another volunteer's account. I went home and reviewed my accounts and I learned that I, too, had been victimized.

Thieves who steal large databases containing consumer identities including credit card information often hold the stolen information for some time before using it for fraudulent purposes. Next, the perpetrators post a small charge, say \$2.95, to every card account in the database. While the individual transaction amount may not seem consequential, when multiplied by the number of cards, it can add up to hundreds of thousands or even millions of dollars. Only a small fraction of credit card holders ever notice, challenge and report the fictitious charge. For all the remaining accounts... free money to the thieves. This scheme is why consumer databases are so highly sought after. Review your statements monthly for these charges, and if you collect consumer information, safeguard your database to prevent this from happening. In both regards, remain vigilant.

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