



Tom Junge

NEW Twist to OLD Scam

Credit Cards Replace Cashier's Check

By Tom Junge, Iowa Field Director

We should all be familiar now with the Internet scam where the dealer receives a cashier's check for the purchase price of a piece of equipment plus "overseas shipping cost" and the dealer is asked to wire money to a shipping company, only later to find out the cashier's check is bogus and they're out the money that was wired.

The new scam reported by at least three dealers now involves **credit cards**. Here's how the scam works.

The scammer e-mails the business requesting to buy a piece of equipment. The dealer replies to the e-mail and after corresponding back and forth several times, a price is determined. The scammer informs the dealer that he wants it shipped overseas and the selling price plus shipping fees are to be charged on a credit card or split among numerous credit cards. (One dealer mentioned that all the credit cards had the same expiration date).

The scammer insists that the dealer uses a particular shipping company and provides a phoney address. The dealer then contacts that "shipping company" which, in turn, requests that the freight

charges be paid upfront by wire transfer (Western Union).

The dealer is fooled into making the transfer after having checked that the credit cards have sufficient funds and are not stolen. But the shipping company's e-mail address is a front for the scammers and the credit cards are stolen, probably from online credit card accounts which may not be discovered for quite some time.

By the end of the day, the business can be out-of-pocket for the cost of the shipping which can amount to more than \$5,000. Often the money is wired to Africa making it almost impossible to trace or recover. The use of wire transfer services also means that monies cannot be traced or recovered.

Reducing Credit Card Chargebacks

Reducing credit card chargebacks should be a top priority for every dealer. Credit card chargebacks reverse a sale that has already been booked and paid for. The net result is that money you thought you had earned as revenue is taken away from you. Typically, there are two common chargeback scenarios. In the first chargeback scenario, a stolen credit card is used to purchase your products or services. Inevitably, when the credit card fraud is recognized, the sale will be reversed.

In the second chargeback scenario, the buyer asserts that the seller did not fulfill their obligations. A customer of

yours might, for example, protest the sale with an assertion that they never received a product you shipped to them.

Finally, you should promptly and effectively refute chargeback claims that you think are not legitimate.

Avoiding Credit Card Fraudsters

Here are a few things you can do to avoid fraudulent credit card transactions and chargebacks resulting from stolen cards.

- **Ask for ID** - In a bricks-and-mortar retail environment, you can simply ask for identification. If they give you a credit card, ask for a driver's license. Make sure you check that the credit card has not expired.
- **Ask for CVC2 and CVV2 Verification Numbers** - In an e-commerce purchase, stopping credit card fraud is tougher. Always ask for those little numbers on the back of the credit card. That will stop someone who has a stolen credit card number but doesn't have the actual credit card.
- **Use Address Verification** - Most e-commerce settings have varying levels of verification. Make sure you enable address verification. If the credit card address doesn't match the given billing address, don't process the order. ■

Reminder: Depreciation and Section 179 Expense Increases for 2007

Increased Section 179 Limits. The maximum section 179 deduction you can elect for qualified section 179 property placed in service in 2007 has increased to \$125,000 from \$108,000 in 2006.

The Section 179 business expense deduction and bonus depreciation rules are extremely important to equipment dealers because these new laws will encourage more equipment purchases by customers in the next few years. Dealers should take an active role in promoting these changes and use them as a valuable marketing tool. The Section 179 business expense deduction also can be used by a dealership in the purchase of its own (a) machinery, tools or other property used in the dealer's business or (b) inventory held for leasing purposes.