

# How to Protect Your Travel Agency from Credit Card Fraud

Travel Agent Basics | July 12, 2014 by Stephanie Lee

## Meet Mel, of melsmithj@gmail.com

I'm sure that as an agent, you've received an email like this before. And if you haven't, you will.



Stephanie Lee <stephanie@hostagencyreviews.com>

(no subject)

1 message

Melvin Smith Jr <melsmithj@gmail.com>  
Bcc: STEPHANIE@hostagencyreviews.com

Sun, Jun 22, 2014 at 1:46 PM

Hello

I need a ticket from Airport code : ACC - Brazil (BR) All airports from June 23rd - 5th july. Kindly get back to me with prices and let me know if you accept credit card payment over the phone.

Thank you

This particular fraudster—I feel comfortable calling him Mel, don't you? — isn't terribly sneaky in his approach (*especially considering I don't even sell travel*) but his email has plenty of red flags:

### 1) Mel Uses Airport Codes

Who writes in airport codes but travel pros (and those trying to defraud them)?



Stephanie Lee <stephanie@hostagencyreviews.com>

(no subject)

1 message

Melvin Smith Jr <melsmithj@gmail.com>  
Bcc: STEPHANIE@hostagencyreviews.com

Sun, Jun 22, 2014 at 1:46 PM

Hello

I need a ticket from Airport code : ACC - Brazil (BR) All airports from June 23rd - 5th july. Kindly get back to me with prices and let me know if you accept credit card payment over the phone.

Thank you

### 2) Mel's Departure Date is Uncomfortably Close



Stephanie Lee <stephanie@hostagencyreviews.com>

(no subject)

1 message

Melvin Smith Jr <melsmithj@gmail.com>  
Bcc: STEPHANIE@hostagencyreviews.com

Sun, Jun 22, 2014 at 1:46 PM

Hello

I need a ticket from Airport code : ACC - Brazil (BR) All airports from June 23rd - 5th july. Kindly get back to me with prices and let me know if you accept credit card payment over the phone.

Thank you

### 3) Mel's Card is Not Present



Stephanie Lee <stephanie@hostagencyreviews.com>

(no subject)

1 message

Melvin Smith Jr <melsmith@gmail.com>  
Bcc: STEPHANIE@hostagencyreviews.com

Sun, Jun 22, 2014 at 1:46 PM

Hello

I need a ticket from Airport code : ACC - Brazil (BR) All airports from June 23rd - 5th july. Kindly get back to me with prices and let me know if you accept credit card payment over the phone.

Thank you

Now I realize these red flags are common sense to most agencies. The fraud example above was obvious, but it's not always that easy; **fraudsters are getting more advanced** (except, apparently, Mel).

What if Mel called in with a local number, sounded local, *and* sent in copy of the passengers' passports and credit card? Would that cause you to be less suspicious?

The PATH Symposium had a panel of fraud experts to go over the latest and greatest in travel agency credit card fraud:

## 2014 PATH Symposium Fraud Prevention Panel



**Jennifer Watkins**  
ARC  
Senior Manager, Credit Card  
Services & Fraud Prevention



**Tim DeLaney**  
Delta Airlines  
Manager, Finance Division,  
Revenue Recovery



**Jeff Miller**  
Principal  
Miller Law LLC

## The Game Keeps Changing, Becoming More Sophisticated

It's important to remember that fraudsters' schemes need to become increasingly complex to survive. The Mels of the Fraud World are easy to spot because their tactics are amateur. There are plenty scam artists that are much savvier than our friend Mel.

**“[Fraud] is a moving target.”**

— Tim DeLaney, Delta, Revenue Recovery

Jennifer Watkins shared one of the more robust schemes ARC has seen. The fraudsters contact an agency as a corporation and appear to be a promising corporate account. They even go as far as to build a reputable looking website to demonstrate they're a legitimate company. Then, they work with the agency and establish a relationship where all seems well.

**“We’ve had a couple agencies get hit for over \$100,000 [with corporate schemes]”**

— Jennifer Watkins, ARC, Credit Card Services and Fraud Prevention

They start ticketing with the agency, tickets all over the world. Nothing seems terribly amiss until thirty days later... the chargebacks comes. The “corporation” disappears. And guess who’s left with the bill for those chargebacks?

## What Red Flags Should Travel Agencies Look For?

The panel went over tons of red flags of fraud travel agencies should be on the lookout for. They seem to fit nicely into 4 main categories:

### LOCATION, LOCATION, LOCATION!

- Is the **departure city in** your vicinity?

If you’re based out of Minneapolis and they’re out of New York, why would they be calling you instead of a local agency? Red flag.

- Does the **billing address on the card match** what they’ve given you?

Often the scammers don’t know the address of the stolen card. Don’t worry, that small hurdle wouldn’t deter Mel in the least. He’d just give you a fake address. *Nip that non-sense before it starts!*

Verify via GDS prompts:

**Galileo** S\*BRF/CC ADDR

**Sabre** [format-finder.sabre.com](http://format-finder.sabre.com), keyword “AVS”

**Amadeus** HEDE

**Worldspan** INFO CK/ADDR

If you don’t have the GDS, you can call the credit card companies’ address verification departments.

Address verification via CC companies:

**American Express** (800)528-2121

**MasterCard** (800)MC-ASSIST

**Discover** (800)347-1111

**Visa** (800)847-2750

I verified my address on my card with Discover and the prompt asked for my merchant ID, which I was clueless about. When connected to a live person, I explained I was a travel agency and they said not to worry, they have a merchant ID for travel agencies. I gave them my card number, address, and zip code. After a short pause, they said it all checked out. Easy-peasy.

- Is it a **local phone number** on the Caller ID?

Most scammers like to take the path of least resistance. Getting a local number is a hassle (especially if they're calling agencies across the country). If it's a local number that matches the area code for the billing address of the credit card, you're less likely to be dealing with someone like Mel.

That said, there are fraudsters that go the whole nine yards and get setup with local numbers.

- Are they **flying to an ARC high risk city**?

This is the ARC list of high risk cities. If you get a call or email for a ticket to one of these cities + other red flags, beware.

## High Risk Cities

- ABJ – Abidjan – Ivory Coast
- BGF – Bangui, Central African Republic
- BKO – Bamako, Mali
- COO – Cotonou, Benin
- LFW – Lome, Togo
- OUA – Ouagadougou, Burkina Faso
- CKY – Conakary, Guinea
- CGK – Jakarta, Indonesia
- DLA – Douala, Cameroon
- ACC – Accra, Ghana
- CMN - Casablanca
- CPT - Cape Town
- JNB - Johannesburg
- LOS – Lagos, Nigeria
- DKR – Dakar, Senegal
- TUN – Tunis, Tunisia
- FNA – Freetown, Sierra Leone
- CAN – Guangzhou, China
- KUL – Kuala Lumpur, Malaysia

WE POWER TRAVEL

**FAMILIARITY:** How well do you know them?

- Is the **passenger also the card holder**?

Not many people are generous enough to give away their credit card number and allow someone else to charge airline tickets. If the name on the credit card isn't a passenger, be veeeeeeeeery suspicious.

You may also want to get a Credit Card Authorization. You can do this through the service provider or through the credit card companies' Voice Authorization Services. This doesn't guarantee the card isn't fraudulent but will ensure the credit card is still active and not stolen:

**American Express** (800) 528-2121  
**UATP** (800) 638-6510  
**JCB International** (800) 522-8788  
*Merchant #: 0002016020*

Visa (800) 231-1754  
MasterCard (800) 231-1754  
Discover (800) 347-1111  
Merchant #: 6011 0160 1101 601

- Are they calling themselves a **Dr., Priest, Rabbi, etc.**?

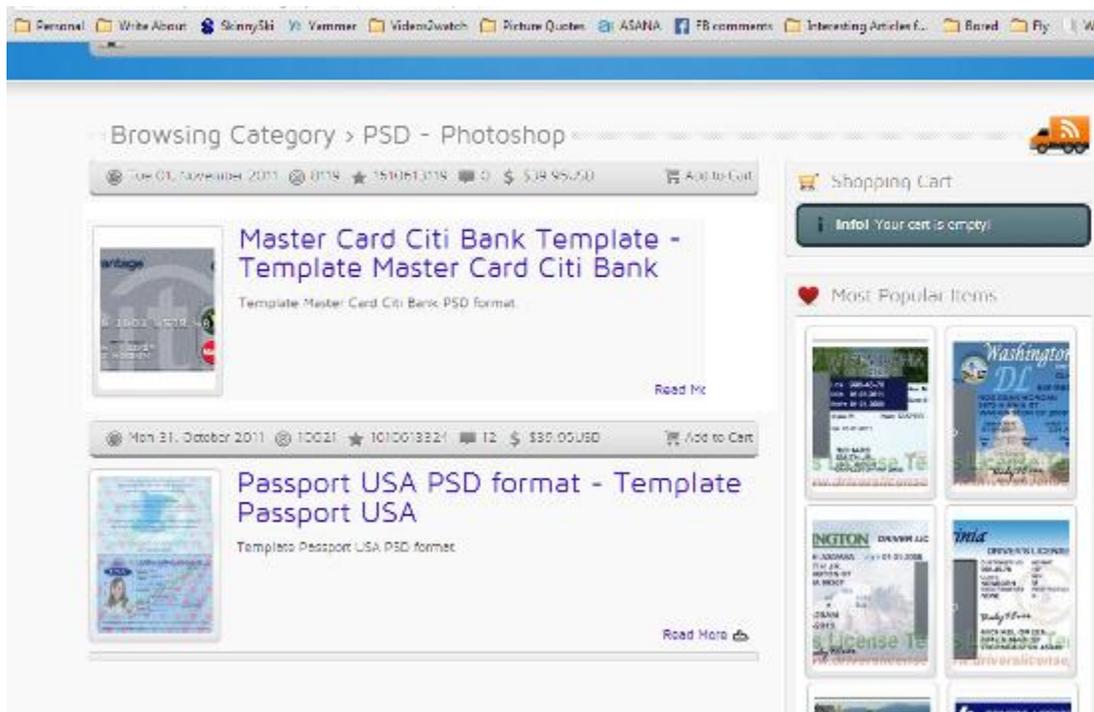
Beware of titles that instill trust. It's mind trickery, I tell you! Don't fall for it.

The fraudsters like to use stories that have worked in the past. What stories have worked? (1) They may tell you they're a doctor and arranging travel for an emergency patient (2) They say they are a rabbi/minister/priest that requires members of the congregation to travel the next day (3) They may claim to be a dispatcher that has truckers required to get to another location quickly.

- What if they send **copies of their passports, licenses, and/or credit card**?

Just remember, it's pretty easy to buy a template and create a fake ID or credit card in Photoshop. It took me less than 5 minutes to find a site that sold credit card and passport templates for

Photoshop:



## TIMING

- Is it **last minute travel, especially international**?

This is a huge red flag. They ticket close to the date of departure because it doesn't give you time to discover the fraud. Raise the alert level even higher if they have no qualms about the price.

## Credit Card Chargebacks: Travel Agency Best Practices

Chargebacks come in many forms. It can be a result of some of the scenarios we mentioned above. It can be from a client that decided instead of paying a full cancellation fee, they would deny ever having purchased their tour. So, what you can do to protect your agency from chargebacks?

Let's start with what you can do to 100% prevent chargebacks. Realistically, nothing. Unless of course you want to do the following for every credit card transaction:

*(1) Get an approval code.*

*(2) Pull out an ancient UCCCF (Universal Credit Card Charge Form) and get an imprint of their card. Include transaction amount on form. Your clients will sure to be impressed with your technology when you whip out your imprint machine!*

*(3) Don't forget to get their signature!*

It's just not possible.

What you can do is mitigate your risk by looking out for red flags and keeping tidy records. Set yourself up by consulting with a travel industry attorney and reading our article on [travel waivers](#).

If push does come to shove and you get a chargeback, ARC has a few recommendations:

- Reach out to your client to explain the charge. If it's a misunderstanding, have them contact the bank/credit card company.
- Provide documentation to back up the charge. What kind of documentation? Everything you got:
  - Itineraries
  - Invoices
  - Emails
  - Copies of Tickets
  - A CC imprint if you happened to grab one (?!?)
  - Forms such as waivers, terms and conditions, etc. signed by the client
- Respond as quickly as possible to the chargeback—if you don't reply within the allotted time, you forfeit your right to challenge the chargeback. ARC requires you reply within 5 days.

If you suspect your client is committing fraud (they took the trip but just don't want to pay), contact an attorney.

## The Disclaimer + Resources

Speaking of lawyers, you know I'm not one, right? This article was written to help educate agents on travel agency credit card fraud but shouldn't be taken as legal advice or expert advice.

Here are some more in-depth resources for those that just can't get enough:

[ARC Chargeback Prevention Tips](#)

[ARC Card Not Present Red Flags](#)

[ARC High Risk Cities List](#)

### ARC's Fraud Team

Phone: 703-816-8137

Fax: 703-816-8138

Email: [FIFP@ARCcorp.com](mailto:FIFP@ARCcorp.com)