



American Express

Fraud Prevention Handbook



Cards

To heighten your awareness to the problem of fraudulent transactions, American Express produced this handbook as part of our efforts to help deter and combat the increase of fraud.

The steps are really quite easy:

- Strive to be constantly alert, especially in suspicious situations.
- Follow basic card acceptance procedures.

The following pages will guide you through a review of some basic procedures for accepting both the American Express® Card and American Express® Travelers Cheques. It is our intention to address common questions and to provide you with helpful fraud prevention tips. We hope you will find this handbook useful and will refer to it regularly.

Table of Contents

Card Acceptance Procedures	1
Be Aware of Fraudulent Card Transactions	2
Getting An Approval Code from American Express	3
Fraud Alert Procedures	4
Altered-Card Fraud	5
Mail, Telephone and Internet Order Acceptance Procedures	6
Information Protection/Data Security	9
American Express Travelers Cheques, Cheques for Two and Gift Cheques	10
American Express Phone Numbers	11

Card Acceptance Procedures

Each time a customer presents the American Express Card, do the following:

1. Swipe the Card or take an IMPRINT.

If you process American Express charges electronically, swipe the Card through the slot in the terminal. If the magnetic stripe is unreadable and you have to manually key the transaction, an IMPRINT of the Card must be taken to validate Card presence in that transaction.

2. Obtain Card Authorization.

You must obtain a 6-digit Approval Code for each transaction.

3. Verify that the Customer is the Cardmember.

The American Express Card is not transferable. Only the Cardmember may use the Card.

4. Verify the Card's valid date.

The Card may not be used after the last day of the last month embossed on the front of the Card.

5. Match the embossed number on the front of the Card to the number on the back of the Card and the terminal receipt.

If a different number appears on the terminal receipt, this could indicate that the Card has been altered. Call American Express Authorizations at 1-800-528-2121 and immediately state that you have a "CODE 10."

6. Compare the Customer's signature on the terminal receipt with the signature on the back of the Card.

Make sure that the signature reasonably matches the signature on the back of the Card and is the same as the name embossed on the front of the Card.

7. Compare the name that prints out on the terminal receipt to the name embossed on the front of the Card.

If the name that prints out on the terminal receipt is different from the embossed name, call American Express Authorizations at 1-800-528-2121 and indicate that you have a "CODE 10."

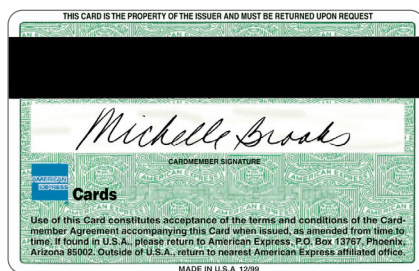


American Express Card Acceptance Procedures can help determine the validity of cards presented for payment.

Be Aware Of Fraudulent Card Transactions

Sometimes a suspicious situation may arise, causing you to question the validity of the Card, or the legitimacy of the person presenting the Card. The following signs may alert you to a potentially fraudulent Card transaction.

- Question a transaction where the signature on the Charge Form does not match the signature on the Card, or does not look like the name embossed on the front of the Card.
- Be wary of customers who purchase large quantities of high-priced merchandise without regard to color, size or product feature, or without trying them on. The customers often come in just before closing time. Criminals also take advantage of crowds and busy shopping days, such as holidays or special sale events, when sales associates may be less attentive.
- Watch out for customers that come in frequently to make small purchases with cash, and then return to make additional purchases of very expensive items with a credit card.
- Rudeness and rushing are often used as ploys by criminals to distract sales associates.
- Make sure the date of the transaction falls within the valid dates on the Card.
- Do not accept a Card that appears physically altered (i.e. painted-out signature panels or re-embossed names and account numbers). See page 5 for more information on altered Cards.
- A card may have been altered by a criminal if the account number embossed on the front of the Card does not match the number printed on the back of the Card as well as on the terminal receipt.
- Don't process transactions in which the customer does not present a Card, but cites the account numbers from memory, a slip of paper, or an old charge slip.
- Be suspicious if the customer has signed the Card with a felt tip pen or needs to see the Card in order to sign the sales receipt.
- Remember, **ONLY** the Cardmember whose name is embossed on the front of the Card is authorized to use the Card — it is not transferable.
- If you suspect Card misuse call American Express Authorization at 1-800-528-2121 and advise the operator of your concerns or follow in-store security procedures.



The signature panel on this card has been altered.

Getting An Approval Code From American Express

You must obtain an approval code from American Express Authorizations for each charge.

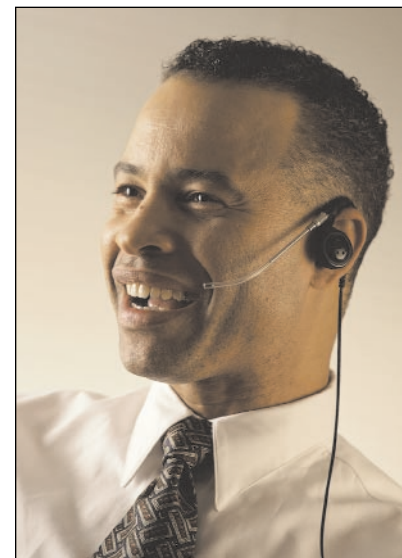
There are two ways to obtain an approval.

1. **Telephone American Express at 1-800-528-2121, 24 hours a day, seven days a week.**

Provide the following information when you call:

- Your 10-digit Service Establishment number.
- The Card account number.
- The total dollar amount of the transaction.

2. **Use an electronic terminal.**
Whether you have an American Express terminal or another terminal, you can use it to obtain an American Express authorization. To obtain an approval code, follow the instructions provided with your terminal.



Fraud Alert Procedures

If you are ever suspicious of a Card transaction or a customer, alert store security and/or contact American Express Authorizations.

American Express has designed a series of simple telephone procedures should a potentially fraudulent Card be presented to you for payment at your location. With simple “yes” or “no” questions, our highly trained authorizer will help you determine the validity of a Card without alarming your customer.

When you call the Authorization Center at 1-800-528-2121:

- Alert the authorizer that you may have a fraudulent transaction by stating that you have a “Code 10.”
- Keep the Card in your hand to help you during the authorization process.
- Answer the authorizer’s questions with appropriate “yes” or “no” answers.
- Follow the authorizer’s instructions. Do not, under any circumstances, confront or attempt to apprehend the customer.
- Conduct yourself in a manner so as not to arouse suspicion of the customer.
- Remember that you may be eligible for a reward of up to \$250 for returning a lost, stolen, or altered Card, especially if your actions lead to an arrest or conviction.



When you call for a Code 10 authorization you will be asked a series of “yes” or “no” questions to determine if the card is valid.

Altered-Card Fraud

Plastic “surgery” on credit cards.

American Express calls them “altered cards.” They are Cards that are “real” but were changed to be passed off as another Card.

You don’t have to be a victim.

Review the tips below. If any of them apply, you may be dealing with an altered Card.

Altered Magnetic Stripe

- Does the Card number on the printed receipt or the register display **NOT** match the number embossed on the front of the Card or imprinted on the back?
- Does the name printed on the receipt **NOT** match the name embossed on the front of the Card?

Overall Appearance of the Card

- Does any part of the Card surface look dull compared with the rest of the Card? (Valid American Express Cards have a high-gloss finish.)
- Is the Card surface bumpy or is the Card bent around the edges?

Front of the Card

- Is the black ink on the raised Card number or Cardmember name smudged or messy?
- Do the embossed numbers appear out of line, crooked, or mis-spaced?
- Is the Card number or Cardmember name printed in a typeface different from the American Express typeface?
- Do any “halos” of previous numbers appear under the embossed account number?



This card has been re-embossed. Note the “ghost” images around the account number, name and dates.

Back of the Card

- Is the magnetic stripe deliberately scratched or destroyed, making it necessary to manually key the account number?
- Is the Card number printed on the back different from the number embossed on the front, or has the back number been chipped off or covered up?
- Is the signature panel on the back whited out with correction fluid, taped over or erased?

Follow in-store security procedures or call American Express Authorizations at 1-800-528-2121 if any of these suspicious conditions apply.

Mail Order, Telephone Order, Internet Order Acceptance Procedures

Since mail, telephone and Internet orders are more susceptible to Card fraud, American Express has designed procedures to help protect the Cardmember and the Service Establishment. By following these procedures, you may prevent a criminal from obtaining merchandise or services at your expense.

When you are accepting an American Express Card for mail, telephone or Internet transactions, obtain the Cardmember's:

1. Name exactly as it appears on the Card
2. Card account number
3. Expiration date on the Card (valid date)
4. Card Identification (CID) number (if your establishment is certified to verify the Card Identification Number)

The CID is a 4-digit number printed above the account number on the face of all American Express Cards. The Card Identification number can help you control fraud:

- The Customer must have the actual Card; carbons and old receipts do not display this number.
- The CID has the advantages of a personal identification number without the problems. Cardmembers don't have to remember a special code; it's printed on the Card.
- Fraud associated with stolen Card numbers is greatly reduced as the CID changes each time a new card is issued.

5. Billing address, and the address where the merchandise is to be shipped, (if different from the billing address)

Automatic Address Verification (AAV)

In our on-going commitment to help eliminate fraud in the phone and mail order industry, American Express offers Automatic Address Verification (AAV) for American Express transactions. This system electronically transmits your customer's address and zip code to our Cardmember's file. You receive a code indicating a complete, partial, or no-match for each transaction to help you make informed shipping decisions. AAV is free to merchants and qualified third-party processors. For additional information regarding AAV, contact your American Express Account Representative.

6. Billing address phone number and home or business number
7. Phone number where the Cardmember can be reached (if different from the home or business phone)



Mail Order, Telephone Order, Internet Order Acceptance Procedures (continued)

Additionally:

- If you submit electronically, your electronic Charge Record should indicate "Mail Order," "Phone Order" or "Internet" on the Cardmember billing statement.
- Select shippers that do not allow shipment re-routes.
- If phone/Internet orders are allowed to be picked up at retail locations, require the Card to be presented.

Authorization Procedures

Call American Express Authorizations at (1-800-528-2121) to verify the billing address and CID. Address verification must be done for charges when merchandise will be shipped. Provide:

- Cardmember account number
- Expiration date
- Name as it appears on the Card
- Cardmember billing address
- Card Identification Number

You will be told "yes" or "no" depending on whether or not the billing address and CID match our files. **Remember that the billing address verification and the CID verification are checks, not guarantees that the charge is legitimate.**



The risk of fraud is greater during transactions where the card is not present. Therefore it is important to follow proper security procedures.

Mail Order, Telephone Order, Internet Order Acceptance Procedures (continued)

Reducing Fraud and Chargeback Risk

When the billing address is confirmed but delivery will be to a different address, you help reduce the risk of fraud and chargebacks if you:

- Call back the Cardmember to validate the order. Be sure not to call the phone number received with the order; check the telephone directory, if possible.
- Another way to help control future fraud and chargeback losses is to suppress printing the Card number on the shipping invoice. Instead, you may wish to block out all but the last 4 or 5 digits of the 15-digit Card number (see example – Information Protection, p.9). Additionally, never print the CID number on the shipping invoice.
- Be wary of situations where someone places a telephone order, then sends someone (who does not present the Card) to pick up the merchandise.
- Do not accept a fax of the Card as a valid presentation.
- If transactions are done via the Internet, ensure that sites are secured for electronic commerce with the main emphasis of protecting unauthorized access to the customer card information (e.g., behind a firewall). Transactions should be conducted using browser software that supports industry-standard encryption protocols. Passwords to Merchant Web sites should be changed regularly and never set to default.



As Internet orders become more commonplace, it is important that your procedures include a thorough check of each customer.

Reminders:

- If you fulfill an order more than 30 days after the original authorization, call again for a new approval code before mailing the merchandise.
- Charges cannot be submitted for payment until the merchandise is shipped.

Information Protection/Data Security

As an American Express merchant, you are responsible for helping to ensure that your customer's credit card information is secured and protected against future fraud activity. Here are a few steps that you can take to protect this information:

1. Customer's credit card information should be kept confidential. Any electronically stored Cardmember information should be encrypted and/or password protected. (Consult your Terminal Provider or local software specialty store for assistance.)
2. Store your daily credit card receipts in a secured area and limit access to this information to personnel that need this information for accounting and customer service purposes only.
3. Credit card information that is discarded should be shredded or destroyed. Always destroy unneeded carbon copies of charge forms, lodging portfolios or car rental agreements to prevent misuse of valuable Cardmember information.
4. Do not print the Card expiration date or your merchant account number on the terminal (customer) receipt. Only print a "subset" of the Card account numbers on the terminal (customer) receipt.
5. Only your terminal provider or Helpdesk Representative should make changes or upgrades to your Point of Sale equipment and transmission lines.
6. Monitor behavior and activities of employees, especially in transactions where the Card is out of the customer's possession. Ensure that portable and hand held card reading/capturing devices are not being used by employees to capture card data. Be wary of a "contact person" that shows up regularly to meet with an employee to drop off/pick up a scanner, or to pay off an employee for data that has been collected.

Merchant Name
Street Address
City State Zip Code
Telephone Number

Purchase \$ 53.46

C F FROST
American Express # XXXXXXXXXXXX1008
Auth # 238743

05/25/00 16:51 Re # 0010013950

Signature: _____
C F FROST

I AGREE TO PAY ABOVE TOTAL AMOUNT
ACCORDING TO CARD ISSUER AGREEMENT

Only print a "subset" of the Card account number on the receipt.

American Express Travelers Cheques, Cheques *For Two* And Gift Cheques

Easy to Accept or Cash

American Express Travelers Cheques, Cheques *for Two*, and Gift Cheques should be treated like cash and processed in the same way. No identification is needed. Simply “Watch & Compare” as detailed below, and payment is guaranteed. They never expire.

Any Establishment can accept them for payment. No pre-signed contract is required. You can deposit Travelers Cheques, Cheques *for Two*, and Gift Cheques directly into your bank account.

When accepting American Express Travelers Cheques, Cheques *for Two* and Gift Cheques, payment is guaranteed when you “Watch and Compare”:

1. **Watch** your customer countersign in the lower left corner of the Cheque, then
2. **Compare** the countersignature to the signature in the upper left corner for American Express Travelers Cheques and Gift Cheques. For Cheques *for Two*, the customer’s counter-signature must match either one of the two signatures on top.

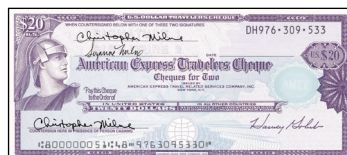
If the signature and countersignature are a reasonable match (which means they look alike but may not be identical), accept the Cheque. There is no need to obtain an identification; **our payment guarantee is based solely upon “Watch and Compare” procedures.**

If you suspect that the countersignature may be false, or you did not watch the customer countersign, ask the customer to turn the Cheque over and sign again across the left-hand side (in the same manner one typically endorses a check). Then take the Cheque and fold up the bottom right-hand corner so that you can compare the original signature with the new one.

If the signatures are not the same, or if there is a question regarding the validity of the Cheque, call American Express at 1-800-525-7641.



Travelers Cheque



Cheque *for Two*



Gift Cheque

American Express Phone Numbers

Card Authorizations

The United States 800-528-2121

Travelers Cheque Encashment Assistance Numbers

The United States 800-525-7641

Establishment Services Customer Service

The United States 800-528-5200

To Obtain Additional Fraud Prevention Information

The United States 800-528-5200