

How One Nevada CU Knew of Fraud Before Many Knew Themselves

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By [Kevin Jepson](#)

LAS VEGAS-Nevada FCU discovered days before VISA and its card processor that about 800 members were vulnerable to fraud after shopping at Michaels Stores this spring.

Three members at Nevada FCU here initially reported hijacked card accounts after visits to local Michaels Stores-but that was just the looming tip of the iceberg of 800 members who had paid using Nevada FCU VISAs at the specialty retailer.

"Those three members triggered our suspicion, so we ran all of our accounts through TrueCards and were able to identify 600 to 800 members who used cards at three local Michaels from March to May," said Lee Torres, VP-internal controls at the \$700-million CU. "That was two days prior to the VISA CAMS alerts on the Michaels compromise and also before our card processor alerted us."

TrueCards is a card-fraud prevention platform provided by Greensboro, N.C.-based Advanced Fraud Solutions that can alert Nevada FCU to suspicious or unusual transactions and pinpoint a common point of compromise. The CU deployed the system in February.

As soon as Nevada FCU identified the accounts used at Michaels, the CU's data breach committee sprang into action. "Because we were so quick to notify members via emails and robocalls, in the end only a small portion of members became victims," Torres added.

The subsequent VISA CAMS alert identified about 1,700 Nevada FCU cards potentially exposed; only about 100 cards suffered actual fraud, thanks to the CU's early response, Torres said.

"TrueCards is a powerful, proactive tool in mitigating fraud losses, particularly when it comes to skimming and data breaches," he continued. Skimming and data breaches account for the vast majority of card fraud loss at Nevada FCU. Card fraud is responsible for 95% of fraud loss at the CU, he said.

The few members whose accounts were successfully used for fraudulent transactions after the PIN-pad tampering fiasco at Michaels were "promptly reimbursed, often the same day they filed their claim," Torres said.

Before TrueCards, Nevada FCU relied on VISA CAMS alerts, he said. "They provide very little info and are always delivered after the fact. Instead of being reactive to card fraud, we can be proactive. TrueCards allows us to independently manage our card portfolio."

TrueCards is part of Nevada FCU's layered defense against card fraud, he said. "We don't accept fraud loss as a cost of doing business. We try to have a comprehensive fraud infrastructure in place that allows us to be proactive."

A tight relationship with the fraud-fighting community has allowed Nevada FCU to become part of a "powerful force in mitigating financial crimes committed by insidious criminals-who have no rules to play by and who can peddle their gains without fear of being apprehended," Torres said.

Nevada FCU works with the International Association of Financial Crime Investigators, state law enforcement and community groups to share leads and strategies, "which often enable us to take preemptive action," he said.

For example, "when we see an alert from law enforcement, we'll go into TrueCards to see how many of our members have used their cards at the merchant in question," Torres explained.


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