

SKIMMING OF CREDIT CARDS — ARE YOUR DINERS SAFE?

IT MIGHT NOT BE AN ISSUE IN AUSTRALIA YET, BUT CREDIT SKIMMING IS PROVING TO BE AN ISSUE IN OTHER GLOBAL CITIES. JONATHAN KAPLAN INVESTIGATES.

IT has always bothered me why, after having given the waving hand signal to the waiter, we all happily part possession with our credit cards by handing them over to waiters who then return with a voucher for signature, not having had any idea what else has been done with our card. So I was somewhat pleased when trawling through my emails to see an article titled “28 Indicted on Theft of Steakhouse Patron’s Credit Data”, which appeared in *The New York Times* in November 2011.

The facts were that a diner’s credit card information had been appropriated by waiters in a scheme to buy and resell luxury goods including cases of vintage French wine, Louis Vuitton handbags, Cartier jewellery and even a Roy Lichtenstein lithograph of Marilyn Monroe. The modus operandi of the waiters was to use small “skimmers” (approximately the size of a lipstick tube) to extract data from the magnetic strips of high and no-limit credit card holders possessing, for example, the American Express “Black Card”. The counterfeit cards were manufactured and used to make purchases at high-end retailers, but not before the fraudsters had tested the cards by making minor

purchases. The thinking seemed to be that high credit card bills were commonplace with these cardholders and they would probably not have been alerted by the card companies to suspicious activity on their cards.

It is interesting that although skimmers have been used prolifically in ATM’s and at credit card pumps at petrol stations around Australia, the incidence of skimming of cards in restaurants has been relatively low.

Currently the credit card companies will generally reimburse the credit card holder where a “skim job” has been established but it is not beyond the realms of possibility that, like some states in the USA, a move could be made to hold retailers responsible for losses if credit card information is stolen from their equipment.

To counter these skimming activities, opportunities now exist for technology companies to aggressively market simple restaurant payment systems which will allow customers to pay at the table, thereby retaining sight of their credit cards and avoiding the risk of having them “skimmed” at the back of house.

It might also present some good investment opportunities in these technology companies given the 15,000 plus restaurants in Australia.

Certainly, there are some countries where diners will not allow their credit cards out of sight and who require the old style manual equipment to be brought to the table for processing of the transaction.

Speaking with a restaurateur client recently, he remarked how freely diners were willing to email their credit card details or provide the



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details over the phone together with the Customer Reference Number (CRN) and that it had always been a cause for concern that these details might fall into the wrong hands.

Is there anything you can do? In the first instance, you shouldn’t rely on the fact that the banks will cover all credit card fraud. It may certainly be the case that if you don’t take all reasonable steps to ensure that your diner’s credit card details do not fall into the wrong hands, your business may be liable to reimburse.

Perhaps part of the induction process for new employees should deal with the practise of skimming and the severe consequences for

employees involved in this criminal activity in the hope that this might reduce the risk of skimming.

At present, it is up to the diners to assess the risks of skimming before handing over their credit cards, but you as a restaurateur might find that, unless an option is offered to pay at the table, diners may start queuing up at the cash register to pay – or hanging on to their waiter’s apron strings to keep their plastic in sight. Or you may just find it necessary to acquire a larger safe to cope with diners returning to using cash again. ■

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