

**ACCESS
DEVICE FRAUD
and
RELATED
FINANCIAL
CRIMES**

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Preface

When we were approached to write this book, several facts were considered before entering into the endeavor. First and foremost, it was an opportunity to work with some good friends and colleagues on a project. Second, it was to show our sincere dedication to this discipline.

Our inspiration has been garnered from many years of being associated with financial crimes in either a law enforcement capacity or the corporate investigative world. Through the efforts, in part, of the International Association of Financial Crimes Investigators, our task forces, and similar involvements, we have been privileged to be associated with and trained by some of the most recognized experts in the world. For this we say more than thank you and show our gratitude by sharing some of this knowledge throughout this textbook. The text is our cookbook, full of basic information. It is not designed to be a “how to” or to show you the “only” way to conduct an investigation; rather, it is intended to create an awareness of and a technical understanding for the discipline.

Financial crimes are growing daily and have directed investigators to the need for a better understanding as to the scope and impact of such crimes. The days of the few, quick investigative notes on a memo pad are gone. The year 2000 will shed new light on how the age of technology will play a major role in how criminals do business. The investigator, lawyer, and judiciary officer need to stay abreast of technology and criminal trends to understand, investigate, or adjudicate financial and related crimes.

Introduction

An informant once said to us, “Man, you have to be crazy to use a gun to hold up a bank; those credit cards can get you the same thing with no risk.” Whether it be filling out fraudulent applications, stealing cards from the mail, or taking over legitimate accounts, it can be done — “You have to pick them though, watch out for the good banks; they’ve got systems to catch you if you don’t know what you are doing. They come down on you hard, too!”

Credit card fraud or access device fraud is the first choice of many criminals in the world of financial crime. Why? Simply because the criminals are taking advantage of the fact that we are becoming a global plastic society. Consumers in the United States spend a significant amount of money on plastic each year, and, as we approach the new millennium, credit card use will more than double, as will the need for an access device to contain information for a variety of consumer uses. The computer age has allowed this initially simple device to become a conduit to the information superhighway. Whether intended for use at automated teller machines or on the Internet, this device is capable of housing a microchip with unbelievable amounts of information ... not only for the security of the card, but also to store and transmit unlimited information for business transactions or even, for example, receiving health care benefits by its user. Hence, the organized crime market has become very interested in access devices.

How can these criminals best benefit from (and how can they beat) the financial institutions, retailers, and consumers? Our book is the culmination of frontline experience and is a reference text that will afford the student, financial investigator, or law enforcement professional true insight into this growing crime. We will cite case studies and take you to the scene of several of our already adjudicated cases. Our goal has been to make this text an ongoing reference, practical and easy to understand for the novice in the financial crime discipline. Our intent is for you to feel the intensity and magnitude of these crimes which require expert investigative skills and to understand how much patience you must have in solving this type of crime, which often involves arduous months of street work, as well as meticulous analytical evaluation. Another requirement is connections and communication with the International Association of Financial Crimes Investigators (IAFCI, formally called the IACCI), which is discussed in the text.

Access device fraud has been viewed by many until recently as a victimless crime — it is only the “big banks” or department stores who lose the money. Recent major

cases have shown investigators, prosecutors, and judges what effect these crimes have on their victims. These financial crimes are far from victimless. In fact, financial crimes have proven to be direct links to organized crime, violent crimes, and drugs.

Our book will help the reader understand what it takes to be a successful investigator or prosecutor in this discipline. Financial crime statistics are staggering in our society, and, despite the vigorous efforts of law enforcement and industry, the criminal's sophistication grows by leaps and bounds.

An important section of the text includes the expertise of Ron Morris, to many a world-renowned expert in questioned documents. Ron is a veteran of the U.S. Secret Service Forensic Services Division in Washington, D.C. He has been credited internationally for creating the world's largest database of counterfeit/altered credit cards. Many law enforcement agencies and card issuers in the United States and certainly abroad have recognized him as a leading expert in this field. His tenacity and scientific ability have truly been the catalyst for successful prosecution through identification and forensic analysis of counterfeit plants and many related financial investigations.

The Authors

Jerry Iannacci is the current CEO of Catoctin Consultants in Frederick, MD. He is married to a veteran high school educator and is the father of three children. His background includes being a law enforcement officer in Long Island, NY; Director of Safety and Security Operations in Washington, D.C., for a major hotel corporation; and an executive with a major financial corporation, serving as its Deputy Director for Investigations. In this last capacity, he was assigned to the U.S. Secret Service Task Force in Washington, D.C., to help organize one of the world's most successful cooperatives between the government, public, and private sectors in the quest to reduce organized crime, particularly in the area of financial fraud. After only two years of operation, this consortium of banks, police, and federal agencies received the Attorney General's award for their successes. Iannacci has been president of the International Association of Financial Crimes Investigators (Mid-Atlantic States), in addition to being a member of the organization's National Board of Directors and serving as the Training and Education Chairperson. IAFCI represents over 4000 law enforcement and industry investigators around the globe with the intent of preventing and combating financial and related crimes. Iannacci was a special advisor to the Pentagon during the Gulf War and has lectured internationally on Task Force Cooperatives and the importance of joining forces in fighting crime and related problems. Recently, he was named as a consultant to CBS News, and he has been a guest on a number of television and radio talk shows, including National Urban Radio. A few years ago, Iannacci decided to apply his investigative experience to look at criminal activity and organized groups that involve youth. When he joined Catoctin Consultants, his goal was to help the Maryland State Police introduce before the Maryland General Assembly a bill on child pornography and Internet-related crimes, which did happen in 1998. Then, in 1999, he was requested by the Maryland Senate to help pass the Fraud Identity Takeover Act. As Catoctin Consultants' CEO, Iannacci spends a great deal of time volunteering through his latest appointment as the Western Maryland Chairperson for Communities in Schools and as a State Board of Directors member.

Ron Morris is one of the most globally recognized forensic examiners. He is married and has two children. In 1998, he retired from the U.S. Secret Service Forensic Services Division after approximately 37 years of federal government service, 26 of those years

working as an Examiner of Questioned Documents. Before joining the Secret Service in 1975, he worked for the Questioned Document Laboratory of the Washington, D.C., Metropolitan Police Department, and the Examiner of Questioned Documents Office, U.S. Treasury Department, where he began his training. In 1998, after his retirement, he formed Ronald N. Morris and Associates, Inc., a forensic document consulting firm serving lawyers, government agencies, law enforcement, and INTERPOL. During his last 4 years with the Secret Service, he had served as the Chairman of the Subgroup of Experts on the INTERPOL International Counterfeit Payment Card Classification System work group. Today, he continues his service to INTERPOL as a consultant on implementation of the system developed by the work group. He has received numerous accommodations for his work with counterfeit payment cards from investigative organizations and law enforcement agencies around the world. He is the author of numerous papers and training materials on handwriting/hand-printing identification, counterfeit payment cards, and other aspects of questioned documents. He has conducted many training seminar workshops for the International Association of Financial Crimes Investigators, law enforcement officer training programs (such as the Federal Law Enforcement Training Center in Brunswick, GA), and the Secret Service Basic Agent Training Program.

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This textbook is dedicated to many people. We thought it appropriate to identify each by name to acknowledge their contributions, support, and friendship over the years. Each of you has taught us in a very special way that you are only as good as those who surround you.

To our professional counterparts who advised, supported, and stood by us in the International Association of Financial Crimes Investigators, in both the Law Enforcement and Industry Sectors ... thank you!

To the men and women of law enforcement who have given their lives to make this a better world ... thank you!

To our counterparts all over the globe who have worked with us for a common good ... thank you!

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