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Scam Alert – The Value Drainer (Gift Cards)

by Stacie White, Economic Crimes Unit

Not sure what to buy Aunt Mable or Uncle Frank who live many miles away from you in another state? The popular answer has been to send gift cards so they may pick what they like or are in need of.

If you are accustomed to purchasing gift cards from a display rack that has various store cards, be aware that you may become a victim of theft. Value drainers are now jotting down the card numbers found on the back of the cards simply by looking at the back of the card by prying it from its cardboard base if necessary and then repositioning the plastic neatly back onto its placard. The value drainer then waits a few days and calls the toll free number on the card to see how much of a balance is on the card. Once it has been determined that the card has been activated and the amount on the card, they begin their Christmas shopping, at your expense.

This scam does not apply to all gift cards, but only to those that can be used in "card not present" (also known as CNP) situations, such as when making purchases online. Only the ones that don't offer additional security measures in the form of encoded PINs that rightful card holders have to acquaint themselves with in order to use their cards online are undefendable against this form of theft. Many retailers who have been hit with gift card fraud have come to require that a specific PIN be keyed in along with the card's number in situations where the card itself is not being handed to a clerk. Most times, the PIN is obscured on the card's back in a manner that requires a covering to be scratched away to reveal it.

Ways to safeguard against Gift Card Scams

- Purchase gift cards from reputable sources.
- Whether you choose a card from a rack or have a clerk hand it to you, always examine both sides of what you're buying before paying for it, even if that means removing the item from its packaging to do so. If you see signs of tampering, or you see that the card's PIN has been exposed, do not purchase the card. Hand it over to store management, pointing out what you saw.
- Keep your receipt as proof of purchase as long as there is value stored on the card.
- Some card issuers offer the option of registering the gift card at the store's website. Doing so gives you the ability to periodically check your card's balance online.
- If purchasing gift cards online, be sure to purchase them from the online versions of the store and not from auctions. Some auctions have been known to be scams.

IDENTIFY A SCAM BEFORE A SCAM IDENTIFIES YOU!

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