

Merchants Beware: Protect Your Customers and Company from Credit Card "Skimming"

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The current economic climate has had many consequences, including an apparent increase in economic crimes such as credit card fraud. In recent months, numerous credit card scams involving restaurant chains have been reported. For example, the Washington Examiner [reported](#) on March 29 that wait staff at several high-end restaurants in Washington, DC, including M&S Grill, 701 Restaurant, Clyde's of Gallery Place and Bowie's Carrabba's Italian Restaurant, stole credit card numbers from customers and ran up a \$750,000 tab at various luxury retail stores. In addition, the article references a [similar scam](#) recently uncovered in New Orleans, in which a waitress at Bubba Gump Seafood Company used a skimming device to capture customers' credit card information. "Skimming" devices, which can easily be purchased over the Internet, are small enough for wait staff to carry in their pockets or aprons, and within a second can capture the electronic information stored in a credit card's magnetic strip.

While such scams obviously cost consumers, merchants are also victims due to loss of consumer trust, the time and expense of cooperating with authorities and, if applicable, notifying potentially affected customers, and potential lawsuits under negligence and/or negligent hiring theories. Although merchants can never be completely assured that rogue employees will not engage in theft, they should consider the following steps to mitigate their risk:

(1) Handle credit cards in view of the customer. If the customer never loses sight of the credit card, theft is more difficult if not impossible. Retailers, restaurants and other businesses may wish to consider switching to portable credit card processing devices that allow customers to pay at the table.

(2) Carefully screen job applicants. Simple background checks can identify applicants with prior criminal histories.

(3) Educate and monitor employees. Ensure that employees are aware of the risks and consequences of credit card fraud (e.g., mere possession of a skimming device is a felony in [many states](#)), and adopt policies for employees handling customer credit cards. Monitor employees and encourage them to report any suspicious activity on behalf of their coworkers.