



Feds probe mysterious credit card charges

Complaints mount over bills for phantom DVD purchase

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Federal authorities have opened an investigation into a rash of mysterious \$30 and \$40 charges appearing on consumer credit cards around the country, MSNBC.com has learned. The charges are for the purchase of DVDs and CDs from a company named "Pluto Data Ltd." Thousands of complaints about the charges have appeared on a Web site devoted to the mystery, with consumers saying they've never heard of the company.

Adding to the mystery -- most consumers report a 1 cent or \$1 charge appearing on their cards first, followed by the larger charge from Pluto Data or PLUTO D, NICOSIA.

Phone calls to the toll free number listed next to the charge on the credit card bills provide little additional information. The firm answering the calls, Answer Quick Telecommunications Inc., located in Baton Rouge, La., says it was an answering service for Pluto Data prior to closing the account several weeks ago. Answer Quick referred questions to local law enforcement investigators.

Don Kelly, a spokesman for the Baton Rouge police, said his office has received 125 complaints about the alleged fraud. "We are working with the FBI and the Secret Service," he said. He added that Answer Quick was not a suspect. "We are keeping track of the complaints and doing what we can to help them on what's going on."

Officials from the FBI in Louisiana and the Baton Rouge Secret Service office wouldn't comment on the investigation.

Dave Collett, a spokesman for Mastercard, said an investigation was ongoing, but he would not provide details. "We are auditing the merchant." Consumers who find the alleged fraudulent charge on their accounts are not liable for it, he said.

A February surprise

The mysterious charges began appearing around Valentine's Day. Many frustrated consumers who searched the Internet for help found each other on a bulletin board service named BroadBandReports.com. By Thursday, there were 35 pages of complaints on the site, with hundreds of victims and over 50,000 visits, suggesting the number of victims could be larger than the 125 complaints logged by local police so far.

"I'm just so angry, and so is everybody else on that site," said Connie Shotkoski, of Columbus, Neb.

Rich Sinclair, a consumer in Salem, Ill., said he just found out about the alleged scam Wednesday when he tried to buy paint at Wal-Mart and was declined. His card had been suspended a day earlier by his credit card company after a suspicious \$1 charge and a \$40 charge were rung up on it, he said. He was impressed by his bank's quick action to stop the fraud -- and knows he's not liable for the charges -- but said the experience is still frustrating.

"I don't like it, not a bit," he said. "I use this card for charging business expenses, and it'll be 10

days before I get another card."

A proactive defense

Consumers from around the United States -- as well as several from outside the country, including Australia and Britain -- have complained about the charges, suggesting the scope may be widespread.

Initially when consumers called Answer Quick, they were told a refund request would be filed with Pluto Data. But it's not clear if the firm has issued refunds, so many consumers elected to dispute the charge directly with their credit cards. That's a good idea, says credit card fraud expert Dan Clements.

"It's better for the consumers to be proactive," Clements said. "If ... Pluto has their merchant account go belly up, (then there are) no funds to credit customers. The consumers will have to dispute to get the charges taken off."

A two-step fraud

Clements speculated that the charges resulted from a common two-step fraud: thieves steal a batch of credit cards, then steal or set up a fake merchant account, and run a series of charges through it. When the money is deposited into the merchant's bank account, the criminals withdraw it and disappear.

The incident is similar to a fraud involving a Web site named PharmacyCard.com, [reported by MSNBC.com a year ago](#). Eventually, PharmacyCard officials were sued by the Federal Trade Commission, which said the site owners [gleaned \\$10 million from 90,000 consumers](#) before the operation was shut down. The FTC said that a firm in Nicosia, Cyprus was involved in that incident, and that money taken from consumers was headed for a bank account there.

Some of the charges in the Pluto Data incident appear as "Pluto D Nicosia Cy" suggesting a Cyprus connection in this incident, as well.

The longer the operators can keep this kind of credit card scam going, the better, Clements said. That's why consumers found the 1 cent or \$1 charges, he said -- it created a track record so the merchant account appeared to have a normal volume of transactions when the higher-priced fraud began.

"Seems the merchant account was 'seasoned', (which) explains why the dollar volume is high and the charges went through for such a long period," he said. The smaller charges also test to see if the cards are valid, he said.

Stolen credit card account numbers come from a variety of sources. Last year, a merchant group speculated that as many as [100 million credit card account numbers had been](#) compromised in the prior 12 months. Recently, a number of high-profile break-ins have occurred, resulting in the theft of personal data at [ChoicePoint](#), Bank of America, and [Lexis-Nexis](#). Spurred by those break-ins, Congressional hearings on privacy issues began Thursday in the Senate Banking, Housing and Urban Affairs Committee.

Bob Sullivan is author of [Your Evil Twin: Behind the Identity Theft Epidemic](#)

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