

CO-OP Revelation Plays Key Role in Elevations Credit Union Investigation of Compromised Credit Cards



- **Located in Boulder, Colorado**
- **More than \$1.5 billion in assets**
- **110,000 members**



CO-OP Revelation Benefits

- Informs marketing decisions through insights into member behavior
- Reduces losses by identifying fraud patterns and risks in minutes
- Proactively fights fraud with available Fraud Forensics module
- Saves hours of staff labor with one-click Revelation Reports

In November 2015, the anti-fraud staff at Elevations Credit Union in Boulder, Colo., discovered something suspicious. Jessie Haley, Fraud Specialist for Elevations, found it odd that 24 of the credit union's members' Visa cards were used within the same narrow time span, and there were other earmarks of fraud. Based on her research and the FICO Fraud Manager used by Elevations CU, Haley confirmed that the cards had most likely been compromised.

With the 24 suspicious cards identified, Haley took the next step in refining her investigation, which was to utilize the fraud forensics capabilities included in Elevations CU's subscription to CO-OP Revelation. CO-OP Revelation's fraud analysis almost immediately determined where those cards were used and the frequency of use over the previous 13-month period. "The analysis concluded that there was an 83.3 percent chance that a Safeway store in Longmont was the common point of compromise," said Haley.

This led to the immediate canceling and reissuing of all 24 compromised cards.

Tracking down the suspect cards and other possibly compromised cards was even more urgent because the card data was used to create fraudulent cards that made cash withdrawals on the same weekend from members' ATM accounts. The ATMs were all located within a one-block radius in Denver, about 37 miles south of Longmont. Perhaps not surprisingly, as well, all of the affected Safeway shoppers lived in Longmont.

An Investigative Journey

With 110,000 members, Elevations CU manages more than \$1.5 billion in assets and is the number one credit union mortgage lender in Colorado. Elevations CU participates in the nationwide CO-OP ATM and CO-OP Shared Branch networks, in addition to being a CO-OP Revelation client.

The investigative journey that solved the mystery of the compromised Visa cards in fact began with that fraud forensics analysis, one of several analytic tools available to credit unions under the CO-OP Revelation umbrella. In addition, CO-OP Financial Services worked closely as an adviser to Elevations CU during the fraud analysis process.

According to Tim Weaver, Product Manager for CO-OP Revelation, it only took a few minutes to determine that the Safeway store was the common point of compromise. With another click of the button, CO-OP Revelation, in concert with Elevations CU's core processing system, identified an additional 131 cards that were used at the same Safeway store, cards that were certainly vulnerable to compromise.

Weaver says a manual search could have taken 10 hours or 10 days based on the volume of cards that had to be analyzed. "During this time, the card thieves could have accessed hundreds of ATMs and stolen thousands of dollars from the credit union's members, money for which the credit union or its insurance company would have been responsible to repay," said Weaver.

Instead, CO-OP Revelation fraud forensics allowed Elevations CU to get in front of what could have been a much larger volume of fraud by finding the potentially compromised cards quickly and allowing the credit union to move immediately into its fraud mitigation program.

"With this analytic power to find compromised cards and to move rapidly into mitigation efforts, credit union use of Revelation Level 3 subscriptions have increased 40 percent in the past six months," said Weaver.

Time is Critical

In credit card fraud cases, time is critical and one of the key analytic tools provided by CO-OP Revelation is its ability to rapidly identify a common point of compromise or purchase. This streamlines the process of identifying cards in a credit union's portfolio that could be compromised.

This identification is accomplished by leveraging cards that a credit union has already determined to be compromised—in this case, the 24 cards that came to Haley's attention. With CO-OP Revelation fraud forensics, credit unions can evaluate the transactions performed by the compromised cards to find shared purchasing patterns—i.e., cards used at the Safeway store—as a common point of compromise. Once a credit union has identified the breached merchant(s), it can quickly reveal other at-risk cards in its portfolio and take the necessary mitigation steps.

How were the cards compromised?

To the Elevations CU fraud team, it was apparent that the payment card theft was being conducted by fraudsters who used skimming devices secretly installed in the card slots of the supermarket's self-checkout lanes. "The stolen information included card number, account data and PIN copied from the card's magnetic strip and was used to create the fraudulent cards that were then used to withdraw cash from the members' ATMs in Denver," said Haley.

VISA Conducts Its Investigation

With the confirmed ID of the 24 compromised cards, Elevations CU contacted Visa, which in turn contacted the affected merchant. Visa then conducted its own investigation to determine when the fraud activity started and stopped, and what other Visa cards might have been compromised by the fraudsters. The investigation ultimately uncovered a total of 215 Visa cards at risk of compromise held by Elevations CU members.

Visa's investigation also showed that in addition to the Longmont store, skimming devices were found in Colorado Safeway stores in Denver, Lakewood and Conifer as well as Safeway stores in California.

Although Elevations CU knew the compromise was first discovered at a Safeway store in Longmont there was, by policy, no direct communication between Elevations CU and Safeway corporate. Instead, once Visa concluded its investigation, it notified Safeway of the fraud activity in the Longmont store and concurrently notified its card issuers, including Elevations CU—bringing the process full-circle.



Be There. Be More.

Fast Action Reduces Losses

Once the formal notification was made by Visa, Elevations CU immediately notified all 215 members holding the potentially compromised cards of the problem and that they would be receiving replacement cards. The entire process from when Haley first discovered the potential compromise until Visa notified Safeway and the card issuers was about 2.5 weeks, a relatively short time for finding and addressing payment card fraud, which can sometimes take months. "This saved Elevations CU weeks of potential fraud transactions and losses," said Weaver.

Merchants and financial institutions across the country saw an upsurge in fraud—particularly from card skimming—during the 2015 holiday season. Many analysts attributed this activity to fraudsters seeking to take final advantage of magstripe-based cards prior to the widespread adoption of EMV chip cards, with their enhanced fraud protections.

Indeed, Elevations CU is launching a complete changeover of its Visa cards to EMV cards for all of its member cardholders starting in early February 2016, a process that is expected to take two to three months.

"CO-OP Revelation is a powerful tool that we are excited to utilize," said Gary Kindle, Senior Vice President, Operations at Elevations CU. "We've only been using the tool for a very short time to analyze PIN transactions and we're already seeing valuable results. In early February 2016 we will be using CO-OP Revelation to analyze our Signature transactions as well.

"Our conversion to CO-OP processing will enable our fraud review team members to see entire relationships and related transactions together, rather than conducting separate reviews and manually matching up data," Kindle continued. "The CO-OP tools used with the forthcoming Elevations CU EMV chip cards will add another layer of security to our members' financial transaction protections."

To begin unlocking the full potential of your card portfolio today, contact 800.782.9042, option 2 or send an email to sales@CO-OPfs.org



Be There. Be More.