

# Cyber PI

## California company helps merchants combat fraud and SellitSAFE

By Bryan Ochalla

Steven Peisner didn't intend to become an expert in credit card fraud. Instead, the 24-year veteran of the credit card industry seemed more than happy in his role as vice president and director of Acquiring Solutions International Inc., an independent sales organization based in Calabasas, California.

That is, until he got a wake-up call in early 2004.

"We handle the processing for a number of large Internet merchants that do between \$1 million and \$2 million in business each month," Peisner says. PeopleData.com was one of those merchants.

"One day, we got a call from a processor that said PeopleData's chargebacks were going through the roof," Peisner continues. "We were told that if we couldn't fix the problem, we'd have to terminate the account."

That obviously wasn't a popular option. "We were making good money from the residuals," Peisner says. "We didn't want to lose that income, so we told them, 'Let us try to fix it.'"

After some digging, Peisner discovered that hackers had infiltrated the site. "They were signing up for services, searching for people's names, making a lot of small transactions—basically creating havoc with stolen credit card numbers," he explains.

Peisner quickly followed the problem back to its source, the hacker chat world. "I entered into that world and started to monitor where these hackers are on the Internet and in cyberspace," he says. "I found a lot of card numbers that were about to be processed by this merchant—information taken from live cards that had not yet been reported as compromised by the consumer or the issuing bank."

The card numbers Peisner found floating around cyberspace were just the tip of the iceberg. "That particular hacker might have had thousands of numbers," he explains. "He or she was just using the ones I could see as a sort of billboard to let other hackers know what was available."

While other hackers presumably took those sample card numbers and tested them out online, Peisner sent the information to the folks at PeopleData hoping that they could use it to prevent the fraudulent transactions from continuing to be processed.

"Within about two months, we helped reduce the number of chargebacks at that company by 48 basis points," Peisner says.

### Start-up Intelligence

Despite the success, starting a company based around the practice was the last thing on Peisner's mind. "We originally did this to help one merchant," he says. "We didn't even charge them for it, and we certainly didn't plan to expand to other merchants."

When a friend suggested he do just that, however, he decided to test it on a few other clients. "It worked wonders for them, too," Peisner says. "That's when we knew we had something."

By the end of that year, Peisner and Acquiring Solutions Inter-

national President Michael S. Fisher had launched SellitSAFE.com. (Peisner is the company's president; Fisher is its vice president.)

"We mine data from the dark side of cyberspace and then make it available to banks, processors, and merchants that want to know whether a card has been compromised prior to the authorization or the shipment of goods and services."

Peisner doesn't just find data and send it to merchants; he also checks to ensure it's accurate. "I didn't feel right about selling information that wasn't accurate, so the original plan was to hire a research company to do that for us," he says. "It was too expensive at the time, so I decided to do it myself."

He accomplished that the old-fashioned way: He got on the phone and called the people associated with the card numbers floating around in cyberspace. The first few calls didn't go so well. "Most of the people I called said a choice four-letter word and hung up," Peisner says. "It took time before I was able to get to where I am now—where the conversation comes naturally, and people listen to and respond to what I'm saying."

After two weeks, he had talked to approximately 100 people and discovered that his information was 99 percent accurate. Mission accomplished, right? Not according to Peisner.

"I wasn't planning to make any more calls, but when I went back into the chat rooms and saw more names and numbers go by, I felt like I had to call some of them," he says. "How could I not let these people know what's happening to them?"

### On the Case

Peisner still calls between four and 10 people each day. He's also started calling companies like Rhode Island Bar Association (RIBA) whose information showed up in cyberspace. Someone had posted information—including a username and password—that got me into the administration side of the association's Web site," Peisner remembers. "I thought that was pretty dangerous, so I called them and told them about it."

It took the association more than two hours to change the username and password—a response that causes Peisner to shake his head. "If I went into their headquarters and left my briefcase sitting in the lobby, they'd evacuate the building immediately. But if I call them up, say who I am and tell them important information about their organization is floating around in cyberspace, it often takes them some time to respond. And when they do, they tell me they wish I had called earlier."

Although Peisner's efforts ended up helping the RIBA, he advises that SellitSAFE isn't for everyone. "It's not for every merchant out there," he says. "It's really for Internet-based, card-not-present merchants. And it's not a 100 percent perfect, 'be all, end all' method. It's an additional tool merchants and processors can use to help them reduce the incidence of fraud." **TT**

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