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New York Police Focus on Fraud Involving Credit Cards

By **RICK ROJAS** and **AL BAKER** SEPT. 10, 2015

The undercover investigators arranged to meet at a hotel near Grand Central Terminal in Manhattan around the lunchtime rush on Wednesday. They were looking for men they believed had used stolen credit card information to go on a shopping spree, spending about \$18,000 on 16 transactions — mostly on luxury designer shoes.

A courier arrived with what the police say the men expected to be their latest purchase.

Instead, officers at the Grand Hyatt Hotel on East 42nd Street arrested two men, both British citizens who were in New York on student visas. During the episode, a plainclothes officer also slammed another man to the ground. It turned out he was not involved in the scheme. Rather, he was James Blake, a retired professional tennis player in the city for the United States Open.

The highly publicized instance of mistaken identity — which led to public apologies from city leaders and put the police officer who detained him on desk duty — has also highlighted, however accidentally, the New York Police Department's considerable efforts to thwart the growing issue of credit card fraud.

“This action yesterday is part of a much larger problem,” the police commissioner, William J. Bratton, told reporters during a news conference on Thursday.

In an age when consumers rely more on cards than on cash, and security

breaches have made personal data vulnerable to nefarious hands, law enforcement officials and security experts described such fraud as widespread and growing.

This month, The Nilson Report, a trade publication covering the credit card and mobile payment industry, found that fraud with credit, debit and prepaid cards led to more than \$16 billion in losses worldwide in 2014, and nearly half of that was in the United States.

The issue is more acute in the United States because of the delay in adapting technology more common in places like Europe, which make counterfeiting cards more difficult, said Al Pascual, director of fraud and security for Javelin Strategy and Research, which advises financial institutions. The transition toward cards with a smart chip inside them is expensive, he said, because the cards cost more to produce and require merchants to have compatible equipment.

These days, Mr. Pascual said, fraud is driven less by criminals digging through garbage cans looking for information or from stolen pocket books than from the vast caches of information available on the Internet.

These crimes are so prevalent, he said, because “it’s so easy.”

To combat these trends, Mr. Bratton said on Thursday that his department had dedicated some 250 people in a financial crimes unit to investigating such cases. It was a move, he said, that was “reflective of the growing cybercrime problem, financial fraud, identity theft problem that we’re experiencing in this city and indeed the country is experiencing.”

“We spend a lot of time and effort on it because it constitutes so much of the felony crime being committed, not just in Manhattan,” Mr. Bratton said, noting that he had met earlier in the day with the Manhattan district attorney, Cyrus R. Vance Jr., to discuss cybercrime. He added that 30 percent of the felony crime reported in Manhattan “involves financial fraud, theft, of this type.”

Even with the influx of manpower, the investigators have been “swamped” with cases, said a police official, who spoke on the condition of anonymity because he was not authorized to discuss these efforts publicly. “They’ve got their hands full,” he said.

Mr. Bratton said that such frauds increasingly involve criminal street gangs, which have been “migrating from selling drugs to the lucrative and less dangerous world of larceny, particularly by fraud, credit cards.” Those gangs brought the tactics they had relied on in hustling narcotics to their dealings with stolen credit card data.

“It is driving shootings, no question,” said Robert K. Boyce, the chief of detectives.

The conflicts arise from disputes over control of the illicit marketplace, police officials said. “We have homicides over credit cards,” Chief Boyce said. “So, it is a problem.”

In the case in which Mr. Blake was mistakenly arrested, the police began investigating the two British citizens later charged in the case after a concierge service that makes purchases for clients and delivers to them reported transactions that raised their suspicions. The investigators then found the 16 charges made with American Express cards.

“Just think of it, that in the space of a couple days, these characters come in from Britain and basically they are here supposedly on student activity,” Mr. Bratton said. “Well, they’re basically engaging every day in this type of crime.”

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