

# An examination of internet affiliate fraud by Doug Beckers wonderfulwebwomen.com



Fraud using the internet can take many forms from blatant use of stolen credit cards to identity theft, phishing and becoming a “mule”.

Affiliate marketing fraud is a growing concern for many internet businesses and the business owner has to be aware of the tactics used by criminals to extract your money.

I have been caught up in fraudulent activity on-line through fake credit cards, suspect PayPal accounts and unscrupulous affiliates.

This is my story.

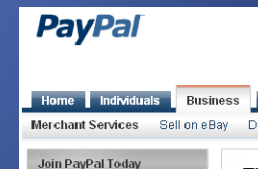
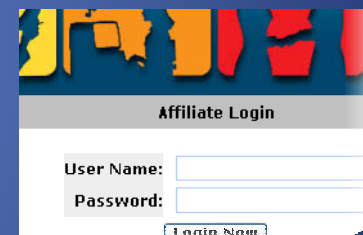


*Doug Beckers*

# Fraud Elements

Elements that are required to make the fraud work:

- A website ([www.wonderfulwebwomen.com](http://www.wonderfulwebwomen.com)) that sells a product. For example, Lifetime membership for \$997.00 or Gold membership for \$1.00 then \$47.00/month after 14 days thereafter.
- A website ([www.wonderfulwebwomen.com](http://www.wonderfulwebwomen.com)) that sells a product via an on-line shoppingcart ([autowebbusiness](http://autowebbusiness.com)).
- The website ([www.wonderfulwebwomen.com](http://www.wonderfulwebwomen.com)) has an affiliate program related to the products for sale.
- An affiliate that has a PayPal account.
- A buyer that has clicked on an affiliate link and then purchased a product from [www.wonderfulwebwomen.com](http://www.wonderfulwebwomen.com).
- A naïve business owner – me.



It all starts here

## The Affiliate /Merchant Money Trail

A person joins the wonderfulwebwomen.com affiliate program and becomes an "affiliate"

The affiliate must have a PayPal account to receive the commission

**FRAUD OPPORTUNITY**  
The affiliate may have a stolen credit card and successfully opened a PayPal account

The affiliate promotes a product on the wonderfulwebwomen.com website with a special "affiliate link"

A customer using the affiliate link purchases a product from the wonderfulwebwomen.com website

The affiliate receives a pre-determined commission for the sale of each product.

For a \$997 product the affiliate is entitled to a 30% or \$299.10 commission

4<sup>th</sup> step, commission paid to affiliate

1<sup>st</sup> step of purchase is made via autowebbusiness shopping cart. Credit card details collected via SSL server and details collected in autowebbusiness database.

2<sup>nd</sup> Step of purchase is via payment gateway, EWAY. EWAY collects information on credit card and determines if credit card has been report as stolen or if there are sufficient funds in the account

3<sup>rd</sup> step of purchase. If transaction is approved/successful, money is transferred into Merchant Account

**FRAUD OPPORTUNITY**  
Purchaser has a stolen credit card and gets the goods/service, in our case access to membership sites

## Checks and Balances

# Affiliate Checks

**FRAUD OPPORTUNITY**  
Check that the IP address is in the same country as the Affiliate Postal Address

Check the IP address of the affiliate against the address of the affiliate

The postal address is in Australia

But, the IP address is in Thailand

Client Details: [REDACTED]			
Name:	[REDACTED]	Fax:	[REDACTED]
Company:	[REDACTED]	Address 1:	92 Albert St
Email:	[REDACTED]	Address 2:	[REDACTED]
	<a href="#">Email: [REDACTED]</a> <a href="#">Schedule Future Email</a>	City/Town:	East Melbourne
Date Created:	8/3/2010 11:40:00 PM	State/Province:	VIC
Client Type:	Prospect	Zip / Postcode:	3002
Affiliate:	Yes	Country:	AU
Opt-In Status:	Affiliate	Eligible to Receive Email:	Yes   <a href="#">Remove From Mailing List</a>
Phone:	[REDACTED]	Ad Name:	None
Secondary Phone:	[REDACTED]	Latest IP:	[REDACTED]
Referred By:	None(0)	Original IP:	183.89.188.198

**IP Information:** 183.89.188.198  
**ISP:** 3BB Broadband  
**Organization:** 3BB Broadband  
**City:** Bangkok  
**Region / State:** 40 Krung Thep  
**Country:** Thailand 🇹🇭  
**Country Code:** TH  
**Continent:** AS  
**Time Zone:** Asia/Bangkok  
**Latitude:** 13.75  
**Longitude:** 100.51670074463  
**Postal Code:** n/a  
**Metro Code:** n/a  
**Area Code:** n/a

*Autowebbusiness client output data*

Source: <http://webipaddress.net/>

It appears that there is potential fraud happening here, be vigilant with affiliate.

## Checks and Balances

# Customer Checks – part 1

### FRAUD OPPORTUNITY

Check that the IP address is in the same country as the customers Postal Address

Check the IP address of the customer against the customer address

The postal address is in the United Kingdom

The IP address is in the the United States. There could be fraud happening here. Investigate further.

Customer Billing Information	
Name:	[REDACTED]
Address 1:	[REDACTED]
Email Address:	[REDACTED]@hotmail.com
Address 2:	[REDACTED]
IP Address:	204.152.215.147  Block IP
City/Town:	Eastchurch
Company:	[REDACTED]
State/Province:	Kent
Phone:	+1 [REDACTED]
Zip/Postcode:	ME12 4EH
Secondary Phone:	[REDACTED]
Country:	United Kingdom
Fax:	[REDACTED]
Where From:	[REDACTED]

Payment Information	
Card Type:	Visa
Card Number:	[REDACTED]
Expiration Date:	12/2011
Name on Card:	[REDACTED]
Charge Status:	Accepted 000931
Transaction ID:	25315763

Shipping Address	
Name:	[REDACTED]
Company:	[REDACTED]
Address 1:	81 High St
Address 2:	[REDACTED]
City:	Eastchurch
State:	Kent
Zip/Postcode:	ME12 4EH
Country:	United Kingdom

**IP Information:** 204.152.215.147  
**ISP:** OC3 Networks & Web Solutions, LLC  
**Organization:** OC3 Networks & Web Solutions, LLC  
**City:** Los Angeles  
**Region / State:** CA California  
**Country:** United States   
**Country Code:** US  
**Continent:** NA  
**Time Zone:** America/Los\_Angeles  
**Latitude:** 34.043800354004  
**Longitude:** -118.25119781494  
**Postal Code:** 90014  
**Metro Code:** 803  
**Area Code:** 213

Source: <http://webipaddress.net/>

*Autowebbusiness client output data*

It appears that there could be fraud happening here, but check the credit card details!

## Checks and Balances

# Customer Checks – part 2

**FRAUD OPPORTUNITY**  
Check that the credit card issuing country is the same as the postal address of the customer.

Check the customer postal address country address against the card issue country

The postal address is in the United Kingdom

The credit card was issued in Thailand

Customer Details			
First Name:	[REDACTED]	Card Holder's Name:	[REDACTED]
Last Name:	[REDACTED]	Credit Card Number:	[REDACTED]
Email:	[REDACTED]@hotmail.com	Credit Card Expiry:	[REDACTED]
Address:	[REDACTED] Eastchurch Kent	Credit Card Type:	VISA
Postcode:	ME12 4	Invoice Reference:	[REDACTED]
Invoice Description:			
Transaction Details			
Transaction Result:	Successful	Total Amount:	AUD 997.00
Transaction Number:	[REDACTED]	Your Reference Number:	[REDACTED]
Transaction Type:	Purchase	Response Text:	Honour With Identification
Response Code:	08	Authorisation Code:	000931
Transaction Date / Time:	05/08/2010 09:43:00	Settlement Date:	05/08/2010
IP Address:	69.10.237.110	Browser:	N/A
Financial Information			
Financial Institution:	Kasikornbank	Country of Card Issuer:	TH

**SUSPICIOUS ACTIVITY**  
Card issuing country does not match customer country

Refund money to customer ASAP to prevent chargeback fees (our Bank charges \$25.00 per chargeback)

A **chargeback** is the return of funds to a consumer, forcibly initiated by the consumer's issuing bank. Specifically, it is the reversal of a prior outbound transfer of funds from a consumer's bank account, line of credit, or credit card.  
[Reference Wikipedia](#)

*EWAY payment gateway transaction output data*

It appears that there is fraud happening here, contact card issuing bank.

# Website/Shopping Cart Checks

Ensure your website Shopping Cart has the CVV2 number field activated.

## FRAUD PREVENTION

Apparently in many instances credit card fraudsters do not have the actual card, they only have the credit cards numbers and often do not have the CVV2 number.

The Card Code, sometimes called CVV2, CVC2, C D or CVN, is a 3-digit code located on the back of your credit card, on the signature strip just to the right of the card number.

3 digit card verification number

On **American Express** cards, the 4-digit code is on the front of the card, just above and to the right of the embossed card number.

**Payment Information**

Credit Card

Name on Card

Card Type

Card Number

Expiration Date  /  (MM/YY)

CVV2  [What's this?](#)

For more information or to share your story go the [Wonderful Web Women blog](#)