

## ATMs

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machine.

"I characterize the Connecticut incident as a fluke. The chances of that happening again are very, very small," said Ronald H. Reed, senior vice president for Plus System Inc. in Denver, one of the nation's largest ATM networks.

Sean Kennedy, president of the Electronic Funds Transfer Association, a trade group in Herndon, Va., agreed: "There isn't much ATM fraud right now that people are aware of. There's probably a potential for a problem, but in actual practice it's not a widespread, industrywide problem."

Statistics on ATM-related losses are hard to come by. Industry experts say there's no central tracking system among the ATM networks mainly because each reported theft is relatively small, usually totaling less than \$1,000.

In many cases, they say, fraud is committed by a relative or companion of the bank customer.

Even in the Connecticut case, which authorities are calling one of the more ingenious frauds, the total take is still considered well below what thieves can run up from each stolen or counterfeit credit card.

By the end of May, \$65,000 had been stolen in about one month's time from several accounts using ATMs in Virginia, North Carolina, Georgia, Florida, Maryland and New York, said Secret Service special agent Dan Marchitello, who is heading the investigation of the Connecticut fraud.

"It was one of the most innovative, sophisticated, high-tech schemes I've ever seen," Marchitello said.

The bogus ATM temporarily stationed at the Bukland Hills Mall in Manchester, Conn., gave nothing but apologetic receipts that said no transactions were possible, all the while collecting the secret PINs of hundreds of bank cards. The thieves used the PINs — a safeguard of the system — along with counterfeit cards to gain access to the accounts.

But Marchitello said the widespread publicity surrounding the case has helped limit losses.

"People who had gone to the phony ATM machine didn't

**'It's been an eye opener to the industry, to say the least.'**

— Boris F. Melnikoff,  
Atlanta bank executive

wait until their accounts were compromised to notify their banks. And the banks right away blocked the accounts and issued new cards," he said.

Melnikoff said his bank, Wachovia Corp., confiscated at least one of the counterfeit cards at an Atlanta branch.

Financial institutions have, in fact, built a number of anti-crime devices into the ATM system to prevent customers from seeing their savings disappear, such as placing daily limits on the amount of an ATM withdrawal or notifying customers if their ATM activity deviates from an established pattern.

Although financial institutions usually absorb the losses, bank customers are legally liable for only the first \$50 in losses as long as they notify their banks within two business days of the loss of their ATM cards.

But they could conceivably lose their entire accounts if the bank isn't notified within 60 days from the time it mails the monthly statement that shows the first unauthorized withdrawal.

Until recently, the main concerns in ATM security were in preventing muggings of bank customers. Several institutions have installed elaborate alarm systems, and at least two states — New York and California — have written laws mandating ATM safety measure.

The industry also has spent millions of dollars developing encryption systems that scramble the data traveling across the wire each time a customer uses an ATM.

In fact, the technology exists to make it virtually impossible for anybody but the cardholder to withdraw money from his or her account. For instance, machines could be programmed to check identification on the basis of fingerprints, handprints or even retina, Melnikoff said.

"(But) the losses would not justify that type of expenditure at this particular time," he said.

## STREETWISE

### QUESTION:

What was the dumbest thing you've ever seen happen on this campus?

"Last weekend those religious fanatics rambling on at the EMU. That was really dumb."



**BILL SHORT**  
junior, japanese

"My R.A. He's just ugly, stupid and gross."



**JESSA EAGAN**  
freshman, pre-law

"Lately it has to be the Masat thing. That they would kick him off because they didn't think he belonged."



**GLENN HARRIS**  
junior, biology

"I was riding my bike and I hit another guy head-on. We were going about 20 mph and we both laid on the ground for 10 minutes."



**CHRIS LANE**  
graduate, math

"I got back from spring break to find my room filled from floor to ceiling with newspaper and computer paper. My R.A. did it."



**ROBB SCHREIBER**  
senior, psychology

"I saw a bunch of fraternity guys standing on a hill in the EMU Courtyard naked."



**SARAH SIMMONS**  
freshman, undecided

## ATM hints for reducing fraud

(AP) — Some safeguards for protecting against ATM-related losses:

- Select your "PIN" carefully. Don't use obvious personal identification numbers such as birthdates or the first few digits of a driver's license or home telephone number. They're often found in wallets and purses and usually the first to be tried by ATM-using thieves.

- Keep your PIN secret. If you don't have the number memorized, try to put it in a safe place outside your wallet or purse. Never write it on the ATM card.

- Take precautions before using an ATM. Don't start a transaction if you feel uncomfortable with your surroundings. Suspicious individuals hanging around a machine or spotted with binoculars or video cameras nearby should be reported to authorities.

- Take precautions after using

## ATM customers' liability

Under the Electronic Funds Transfer Act of 1978, ATM customers are liable for the following in cases of unauthorized transactions:

- The first \$50 in losses if they notify their banks within two business days of the disappearance of their ATM card.


- Up to \$500 if they fail to meet the two-day limit, but only if the bank can prove they knew of the card's loss or theft and failed to report it.

- The entire account and credit line potentially could be wiped out if the bank isn't notified within 60 days of the date it mails out the monthly statement that shows the first unauthorized withdrawal.

an ATM. That means remembering to take your card with you and properly disposing of the transaction receipt later on. Some clever crooks have been able to gain access to an ATM by using the account number found on the receipt.

- Keep careful watch of your bank statement. Unauthorized ATM transactions should be reported to the bank as soon as possible in order to limit your potential liabilities. A lost or stolen bank card also should be reported at once.

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