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**How to Protect Your Online Store from the Internet Burglars, Part 2**

**By Lynne Schlumpf**

**How to Protect Your Online Store from the Internet Burglars, Part 2 by Lynne Schlumpf**

Thanks for joining me for Part 2 of this important article about how to save your store from online thieves.

Here's a scenario that will help you identify who is savvy to credit card fraud and who is not.

Let's say that John Smith runs an Internet store that sells books. His store is called Leaflets for Life. Customers order, then he ships the product a few days later.

We have another Internet store owner named Joe Black. He runs a computer parts store called Laptops 4 U.

The owner of Laptops 4 U is aware that his merchandise is THE HOTTEST ITEM to steal on the Internet. (besides credit card numbers, of course) John Smith puts his feet, turns on the satellite TV, and lets the Internet run his business silently.

John Smith gets a sale on his online store. The order is for 300 books. John loves the way the Internet allows his business to pretty much operate on autopilot. He knows that the 3rd party vendor he uses to take all his credit card sales took care of it, so all he has to do is print an invoice and pack it up. Off he goes with the merchandise to the post office, marveling at his first sale from his store.

## How to Protect Your Online Store from the Internet Burglars, Part 2

Joe Black gets a sale on his online store. The order is for a \$3,500.00 laptop.

He does not use a 3rd party vendor for his credit card processing. He just has a store that uses Secure Socket Layer, then it emails him with a link that he clicks on to take him to his orders. Joe Black's process takes a lot more administrative work, but he feels in control of his business. He really wants to be aware of what goes on every minute. Joe, or whoever prints out the orders from the store, takes a long, leisurely look at this order. He knows what he is looking for. He gives the order to a

orders clerk.

The orders clerk picks up the phone, dials the number on the order.

"Mr. Jones, hi, my name is Angela. I work here in the customer service department, and we are verifying your order from our online store. To protect your security could you tell us if

you ordered items from our online store today, and if you did, could you please

provide us with some verification of your order. We WANT TO PROTECT YOU.

Could you

please give us the 800 number on the back of your credit card and your bank's name?"

Customer: "Uh, who are you trying to call? This is the roller skating rink in Topeka, Kansas."

Angela thinks that perhaps the person who ordered just mistyped the phone number.

She gets out her list of merchant phone numbers and calls up Mastercard.

"Hello, My name is Angela, and my company is Laptops 4 U. We are a merchant on the Internet,

and we need to somehow verify that a card number used on our online store was not stolen."

Mastercard happily gives her address of the cardholder and other information that tells

Angela that her company could have lost a laptop and possibly their merchant account when

the credit number does not go through the system.

.....the transaction stops RIGHT THERE. Go no further.

(this is not a totally untrue story...happened to us in a similar situation)

John Smith gets the statement from his Merchant Account provider about a month later.

He has sold about 1,000 books this month. His books are a real hot item! Two days later, John Smith gets another letter from his merchant provider. John's merchant provider, like many, automatically deposits or deducts credit card transactions from his checking account. After John got the first statement, he gave most of the profits to his wife so that she could go down to the A&P superstore and buy some food. She also decides they need a new living room couch. The money's spent. The 300 books that someone ordered, well – they were ordered on a stolen credit card number. Did John or his automated online store merchant know this? How could they? The owner of the credit card did not know their number and expiration date had been lifted from a

store somewhere on the Net. John is out 300 books and \$4,485.00 in revenue. He also receives a threatening notice that if this happens again, he'll lose his merchant account.

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Did you notice anything strange about the merchant account provider taking the money away from John? Mastercard did not eat any of the loss, and neither did John's merchant account provider..notice that? The merchant eats ALL OF IT. John is now in debt to the merchant account provider, and some nimrod is off selling his books in some far away corner of the Internet.

Lynne Schlumpf is the CEO of Route 66 Cyber Cafe, Inc., <http://www.r66cci.com>, a Web hosting and design company specializing in promoting websites for new owners, building affordable e-commerce sites, and providing reliable web hosting solutions as an affiliate of Virtualis Incorporated.

## **How to Protect Your Online Store from the Internet Burglars, Part 1**

**By Lynne Schlumpf**

### **How to Protect Your Online Store from the Internet Burglars, Part 1 by Lynne Schlumpf**

The theft of credit card numbers is enormous. It is estimated that as

many as 40% of all online transactions are bogus.

This article is normally an electronic booklet sold on my site, but I decided its content was too important to not share with you.

How To Protect Your Online Store from the Internet Burglars

by Lynne Schlumpf, CEO

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One of the worst things that can ever happen to an online store on the Internet is lurking at every storefront out there. The Internet burglars, as I like to call them, are waiting for you to let your guard down just for one second while you're processing their credit card number. It is at that point that you may as well just walk out in the middle of the street and throw every bit of money in your wallet and pockets at the next car that goes speeding by. Or better yet, whatever merchandise it is that you are selling online, just go throw about 40% of your inventory into the streets to let others come and pick it up. This sounds like a ridiculous analogy, I know, but it illustrates how much they can hurt you. That estimate is not overstated. It is estimated that this could be the percentage of lost sales to fraud on the Net.

They think they're crafty, and they're costing people their hard-earned savings, the business they worked so hard to create, and they don't care. All they care about is fast merchandise of the right kind to offload and sell on the streets, or whatever it is that these crooks do with it.

You will find some of the stories I am going to tell you not only funny but ridiculous. I am not making light of a serious subject, believe me! This subject has

obviously become a sort of a quest for me. I want to stop them, and I want you to help me. I don't want to see you give away even one cent to these people. Your business does not

deserve the thievery that abounds.

I am not saying that this type of practice did not exist before the Internet became a household word. It was happening EVERYWHERE! I used to have a friend who was a manager for a COMPUSA store. This was a very large store with thousands of orders a day, but this guy knew what he was doing. He did not lose anything to these people. He taught me many of the things I am going to pass on to you. I remember being in his office one day, and the phone rang. Some woman was screaming so loud at him, I could hear her across the room. She was yelling that she was supposed to have her laptop delivered by next day mail, and it had not arrived yet. I thought, boy, they must've really messed up her order or something.

He politely told her he would check up on it, and he hung up. It was at this point my eye-opening began. He taught me that if a customer is irate and wants quick shipment to places like New York City, Detroit, Chicago, and they put the whole thing on a credit card (about \$3,500 worth), it's *STOLEN*. I'm not picking any city in particular – these come to mind as the ones he mentioned. Two elements of the sale bothered him.

1. The amount was high (over 500.00)
2. The need for urgent shipment was weird.

Thanks for joining me. After you finish this report, you'll be amazed at how simple it is to keep from getting ripped off. I hope this will be a fun but informative adventure for you. I will start by showing you a day in the life of two Internet store owners. One is very naive (as we were in the beginning), and the other is a seasoned player in this dangerous game of taking credit cards over the Internet. Don't get me wrong, though. I don't disapprove of taking credit cards on the Internet, and I don't think anyone should stop taking them. If your company can take losing up to 40% of its

merchandise to thieves, don't read the rest of this booklet!

What our company actually did was to stop selling computer equipment on the Internet altogether. This was one among many reasons.

When I return in Part 2, I'll show you a scenario of two Internet store owners, and I'll discuss how they handle online ordering.

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