# Success Story

## MerchantView's Ongoing Monitoring Nips EU Bank's Hidden Illegal Pharmaceutical Activity

EverCompliant
More Intelligence. Less Risk.

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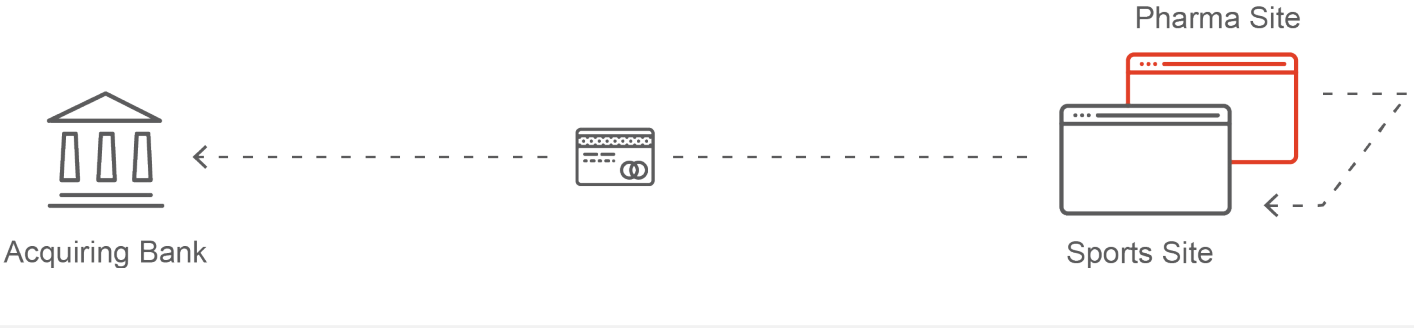
## THE BUSINESS

A major European acquiring bank was using EverCompliant's solution to monitor its merchant portfolio for brand violating content and transaction laundering activities.




## THE CHALLENGE

The bank was working with EverCompliant to monitor its merchant portfolio, which contained ecommerce merchants across the entire risk spectrum. A few months into their partnership, EverCompliant discovered a website with illegal pharmaceutical activity that had a strong association to one of the bank's low-risk merchants—a sports equipment business. EverCompliant suspected that the sports equipment merchant was merely a front used to funnel transactions that originated from the pharmaceutical website. The challenge for EverCompliant was to provide the hard evidence of the suspected transaction laundering activity.

It is important to note that this sports equipment merchant had a good working relationship with the bank, with no previous issues: good credit standing, no chargebacks, low-risk MCC, no complaints and low volume activity. This incident indeed marks the importance of monitoring the entire portfolio including the seemingly low-risk merchants. Crooks can go to a great extent and become quite proficient at establishing a straw merchant as a legitimate low-risk one. Furthermore, in certain cases, even truly legitimate merchants might be coerced to help launder money through their ecommerce sites, or simply to cooperate for the prospect of earning great proceeds.

## THE SOLUTION

EverCompliant used MerchantView's cyber intelligence capabilities on the sports equipment site and discovered a large hidden network of illegal websites. Twelve of these associated websites were identified as partaking in illegal pharma activity. One of the twelve sites was selling pharma products using MOTO (mail order/ telephone order) payment method. Five of the other sites were selling pharma online. The remaining six sites had pharma-related domain names but were not operational, i.e. inaccessible online.

The real challenge was to perform test transactions on the six online sites to provide concrete proof that the transactions were being laundered through the registered equipment site. MerchantView's test transaction methodology succeeded in finding confirmed transaction laundering for five out of the sites and proved that the transactions were being processed through the registered sporting equipment site. So far, this was an interesting but a relatively straightforward case of transaction laundering. As the test transaction of the sixth site didn't seem to go through, MerchantView assessed the site as being a false positive and flagged it for ongoing monitoring.

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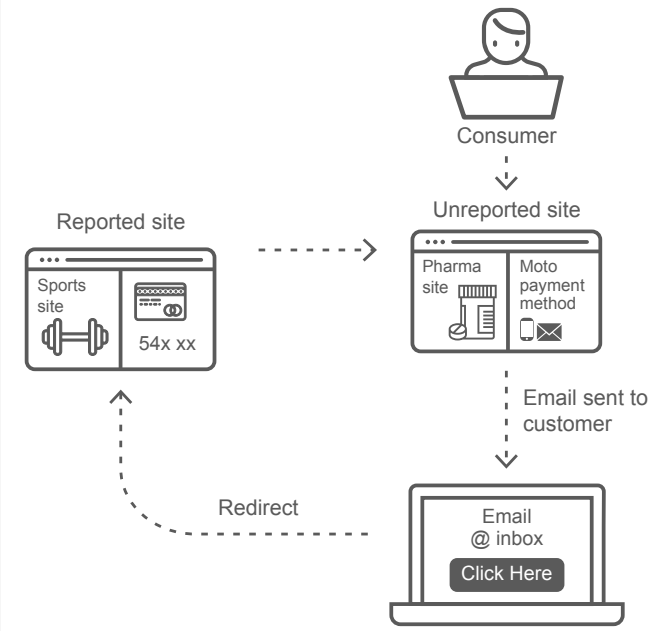
## CRIMINALS' FAILED ATTEMPT TO OUTSMART MERCHANTVIEW

The case of the sixth site was not so straightforward and actually was proven to be a very sophisticated scenario of transaction laundering—a few days after the sixth site was moved to ongoing monitoring, an email was received from the unregistered pharma site. The mail received requested that the consumers pay for their illegal pharma products via a link that redirected the purchase to the payment page of the registered sports equipment site—the same initial merchant that MerchantView had been monitoring.




## MERCHANTVIEW SUCCEEDED IN FINDING 12 ASSOCIATED SITES

**5** pharma merchants

**1** pharma site using MOTO as a payment method with a link directing to the registered sports equipment site

**6** sites with indicative domain names that were currently offline, but could transfer transactions through the registered merchant in the future

This case proves that all sites, both low-risk and high-risk should be monitored. Unlike solutions in the market today, MerchantView doesn't stop working after monitoring the merchants once, but employs its technology on an ongoing basis. With this at the forefront of its strategy, EverCompliant was able to find the transactions through the registered merchant at a delayed period. In this way, EverCompliant outsmarted the transaction laundering criminals from repeating their actions. The transaction launderers thought that they would not be traced if they were to defer their transactions by a few days and consequently "vet" the customer. However, MerchantView was monitoring the merchants over an extended period, and therefore cracked the scheme.

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## THE RESULTS

Assuming the fines from the card brands in regards to transaction laundering range from **€25K** to **€100K** per fine, the following calculations are based on an estimated low average of **€50K**. Since MerchantView discovered six active payment sites, EverCompliant saved the bank **€300K**. In addition to these six sites, the additional offline sites could have become active at any point and start processing illegal pharma through the registered site. That translates into a potential saving of another **€300K**. These amounts do not consider any indirect cost associated with each of the events. They also do not include any potential associated cost for the illegal content detected.

**POTENTIAL SAVINGS IN FINES €300K**

## BENEFITS OF USING EVERCOMPLIANT

Since working with EverCompliant, the bank has minimized its risk. Using MerchantView cyber intelligence and ongoing monitoring, the bank could prove the presence of transaction laundering in its portfolio, without a doubt. Furthermore, it could take the right steps in remediation, for example, cease business with the registered merchant.

The bank has considered MerchantView a sound investment after seeing most extensive transaction laundering detection and prevention results.

- Discovered illegal activity due to ongoing monitoring and cyber intelligence
- Saved **€300,000** in fines
- Saved another potential **€300,000** in fines
- Prevented future TL violations
- Validated transactions to allow bank to take action and close down merchant
- Prevented damage to its brand

## About MerchantView™

MerchantView is the first and only dedicated solution on the market designed from its core to detect and prevent transaction laundering. It applies proprietary cyber intelligence technology to identify unknown and hidden merchants funneling transactions through seemingly legitimate storefront websites. Its accuracy, transparency and ability to uncover hidden ecommerce networks and merchants sets it apart from any competing platforms.

### KEY FEATURES

- **Intuitive, web-based portal**
  Sees results at summary level and drills down to expose actionable information about offending merchants.
- **Transaction Laundering Detection**
  Exposes seemingly disconnected cyber relationships and unreported URLs that may be tunneling payments through an unknown URL.
- **Superior & Sophisticated Content Crawling Technology**
  Detects content issues in various languages and can also identify illegal content, including embedded images.
- **Innovative, SaaS Solution**
  Requires no agent or download; backed by a robust R&D team of cyber experts who understand how ecommerce criminals work.
- **Proactive & Comprehensive Risk Solution**
  Proves superior to other solutions in side-by-side comparisons.

**TO REQUEST A DEMO OR FOR MORE INFORMATION, CONTACT US AT:**

info@evercompliant.com

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