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Press Release   March 6, 2012

LIRR   IMMEDIATE

LIRR Anti-fraud Measure Implemented at Station Ticketing Machines

Expected to Result in more than $5 Million in Annual Savings

The MTA Long Island Rail Road expects to save over $5 million this year as a result of a recently implemented a new credit card verification system at its station ticketing machines aimed at combating credit card fraud.

Credit card fraud at LIRR ticket machines peaked in May of last year before installation of the new system, which requires customers to provide their zip code as part of the verification process.

The LIRR and MTA Police worked closely together to address the problem. The LIRR arranged for the development and implementation of the zip code verification software for its ticketing machines. At the same time, the MTA Police stepped up credit card fraud investigations – effecting 35 arrests in 2010 and 2011.

MTA Police Chief Michael Coan said: "The MTA Police have taken a very aggressive role in combating credit card fraud at station ticket machines – reviewing instances of fraud and setting up surveillance at stations to make arrests. We urge customers to be vigilant in checking receipts against monthly credit card statements and reporting credit card ticket fraud to the MTA Police at 718-361-2201."

Over the course of several months in the latter part of 2011, the LIRR added a zip code verification system for the credit card purchases made at its 272 ticketing machines systemwide. The verification system requires customers that are making purchases at the machines in enter their zip code, similar to the verification system used at many gas stations throughout Long Island.

"In these challenging financial times, we need to continue to look at ways to operate more effectively and save money," said LIRR President Helena E. Williams. "This effort has been very successful in reducing ticket fraud. I want to congratulate the MTA Police and our team at the LIRR for working together on this effort. And I urge anyone who is aware of ticket fraud to report it to the police."

In tracking fraudulent charges, the LIRR noticed a significant increase in credit card fraud at the ticketing machines over the last year. In the prior years, credit card fraud represented less than one-half of one percent of total credit card sales. However, in the 2010 and going into 2011, there was a sharp upswing in the fraudulent activity, where credit card fraud climbed to more than 2 percent of the LIRR's total credit card sales at the machines.

A pilot program started with the installation of the security verification software at eight machines in May 2011. The program was expanded over the remainder of the year to cover all LIRR ticketing machines.

The cost of the fraudulent purchases reached a high of nearly $545,000 in the month of May, 2011.

With over 75 percent of the ticketing machines equipped with the anti-fraud measure by September 2011, the losses dropped precipitously to just over $90,000 in October. Upon completion of the installations in December 2011, the fraudulent activity plummeted to four hundredths (0.04) of a percent of total credit card sales, or $11,000 in January.