



## FEDERAL BUREAU OF INVESTIGATION

### *Private Sector Advisory*

November 26, 2013

## **(U) African Criminal Enterprise Members Using “Feed Horn” Scheme to Interfere with Retail Stores’ Satellite Communications**

(U) African Criminal Enterprise (AfCE) members<sup>a</sup> are committing credit card fraud by disrupting the “feed horn”<sup>b</sup> attachment on retail stores’ satellites to interfere with credit card authorization systems. This activity appears to be new and may become more prevalent due to the low-tech execution of the technique. This advisory will inform the reader how the scheme works, provide options on mitigating the threat, and advise how to report incidents to law enforcement.

### **(U) How the Scheme Works**

#### **(U) Step 1**

(U) An AfCE member gains access to the retail store’s roof where the credit card authorization satellite is typically placed. Once the satellite is located, the AfCE member wraps the satellite’s feed horn with aluminum foil. The foil blocks communications<sup>c</sup> between financial institutions and the retail store, thereby preventing the validation of credit card transactions.



(U) Example of a satellite feed horn component wrapped in aluminum foil by a suspected AfCE member in Kentucky.

#### **(U) Step 2**

(U) In the event of a lost satellite signal, retailers commonly continue to accept credit and debit card transactions without validations from banks. The AfCE members use stolen credit

<sup>a</sup> (U) The term “African Criminal Enterprise” refers to individuals of African origin who commit various fraud schemes and organize themselves in a loose network.

<sup>b</sup> (U) A feed horn is a satellite dish component that captures the signal reflected from the dish surface and channels it into an amplifier.

<sup>c</sup> (U) Like a satellite receiver used for home Internet or TV, the satellite receiver on a retail store is susceptible to interference such as bad weather or heavy cloud cover. By wrapping the feed horn in aluminum foil, the effect of bad weather is duplicated.

card information to purchase prepaid access cards (PACs)<sup>d</sup>, the majority being Visa Gold Green Dot Cards. The origin of the credit card information is unknown. Once PACs are obtained, they are subsequently used to purchase items such as cigarettes and high value electronics. Once the satellite signal is restored, the store sends out the credit card transactions held in a queue to be validated. At this point the transactions are declined and the store takes a significant loss.

### (U) Step 3

(U) AfCE members transport the merchandise to New York where it is possibly sold at pawn shops or exported to Africa.

### (U) Incidents in the United States

(U) AfCE members using the “feed horn” scheme reportedly have targeted retail stores and gas stations in Indiana, Kentucky, Ohio, Pennsylvania, and most recently West Virginia. Investigations to date indicate that two separate AfCE groups are likely responsible for using the “feed horn” scheme.

- (U) In October 2013, local police in West Virginia arrested two subjects attempting to execute a “feed horn” scheme. According to law enforcement sources, the subjects in custody have been linked to more than 600 stolen identities from five states and two countries affecting over 50 financial institutions. A search warrant of one of the subject’s vehicle resulted in the recovery of more than \$10,000 worth of cigarettes and electronics.

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#### *(U) Converting Prepaid Access Cards (PACS) to Money Orders*

(U) Although there is no evidence, AfCE members may be using the “feed horn” scheme to purchase money orders from Western Union and MoneyGram locations, often located in retail stores. In theory, the purchasing of money orders would simplify the ultimate goal of converting PACs into cash by purchasing money orders and redeeming them for hard currency.

### (U) Mitigation to Counter “Feed Horn” Scheme

(U) Mitigation steps for consideration in countering a “feed horn” scheme include:

- **(U) Increased Security Awareness:** Consider installing closed circuit television to monitor on site satellite communication equipment.
- **(U) Physically Inspecting Equipment:** In the event of satellite signal outage, physically inspect satellite equipment to ensure no tampering has occurred before proceeding with high dollar value transactions.
- **(U) Inspect PACs:** Law enforcement sources indicate that AfCE members are not removing the front sticker on PACs and are not endorsing the PACs’ signature strip. Retailers are encouraged to inspect PACs during transactions and request identification from purchasers.

<sup>d</sup> (U) The Financial Crimes Enforcement Network (FinCEN) defines “prepaid access” as access to funds or the value of funds that have been paid in advance and can be retrieved or transferred at some point in the future through an electronic device or vehicle, such as a card, code, electronic serial number, mobile identification number, or personal identification number.

**(U) Reporting the Crime**

(U) The FBI encourages victims of a “feed horn” fraud scheme to report it to their local FBI office <http://www.fbi.gov/contact/fo/fo.htm>. You will be asked to provide the following information:

- (U) Identifiers for the perpetrators, e.g., name, PAC information;
- (U) Details on how, why, and when you believe you were defrauded;
- (U) Actual and attempted loss amounts;
- (U) Other relevant information you believe is necessary to support your complaint; and
- (U) Reference “feed horn” scheme. If known, reference any ties to African countries.