

December 4, 2018

Amazon Money Laundering Scam

[CYBERSECURITY](#), [FRAUD/INVESTIGATIVE & FORENSIC ACCOUNTING](#), [RETAIL](#)
BY [DAN RISKE](#)

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An apparent fraud scheme has been uncovered that involves scammers' use of CreateSpace, Amazon's self-publishing service, to sell fake books under stolen identities. The scammer allegedly then buys the books with stolen credit cards and keeps 60% of the purchase price, which is what Amazon traditionally gives its authors.

The pages of the books have no real text, but instead are filled with computer-generated nonsense, and priced at hundreds of dollars each. This is likely intentional to help prevent average customers from finding the books using title searches and/or purchasing by accident. The scheme can be attractive to thieves because it's a relatively efficient way to launder money directly into a bank account linked to CreateSpace instead of using cryptocurrencies.

After receiving a Form 1099 indicating that he made over \$20,000 selling books through a CreateSpace account, legitimate author Patrick Reames spoke with KrebsOnSecurity regarding his experience with the fraudulent activity. The thief had apparently used Mr. Reames's Social Security number to set up the CreateSpace account and convinced Amazon they were him. Mr. Reames has since tried to get Amazon to issue an adjusted 1099 (the process is still ongoing as we go to press), but it's been difficult for the retail giant to prove whether Mr. Reames did or did not receive the money as recorded.

Amazon has stated that it is committed to protecting the security of its users, and urges anyone receiving an incorrect 1099 to contact 1099@amazon.com to begin an investigation.

If you have any questions regarding fraud, please contact Joel Rosenthal at 412.697.5387 or jrosenthal@schneiderdowns.com.

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