

Publications

Sources of Unauthorized Online Sales: The Five Most Common Types of Unauthorized Sellers on eBay and Other Third-Party Websites

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Given the focus of our blog and the services that we provide to clients, we are obviously routinely publishing content about the unauthorized sales problem and strategies for overcoming the actions of unauthorized sellers.

However, we have spent little time discussing who the actual unauthorized sellers are and how they are gaining access to the products that they are diverting and selling on websites like eBay.

There are a number of different sources of unauthorized online sales that companies should be aware of, and here are the five most common: 1) authorized distributors; 2) professional resellers; 3) one-off sellers; 4) professional schemers; and 5) sellers who use stolen credit cards to purchase, and distribute, products.

A brief overview of each follows:

Authorized Distributors

Surprising as it might sound, authorized distributors are actually among the most common parties who engage in unauthorized online sales. Some authorized distributors innocently engage in the impermissible online sales, genuinely unaware that they cannot partake in certain activity like selling their products online. Others, meanwhile, simply view third-party websites like eBay as opportunities to sell more products and cash in. Additionally, family members or other close associates of authorized distributors might take their products and sell them online themselves – typically unbeknownst to the authorized sellers.

Professional Resellers

There are different types of “professional” sellers who engage in unauthorized sales. This group includes bad actors who acquire products in large amounts from authorized distributors and resell them online; some even use specifically designed software to pick up

products from other storefronts to resell at inflated prices. These sellers might rely on customers who do not research product prices well enough. Alternatively, they can offer a specific service that others cannot – perhaps the ability to ship overseas at low rates.

One-Off Sellers

This is an extremely common type of seller, but also a typically harmless one. As the name implies, one-off sellers list just a single product (or a small number products) and the product listing disappears upon completion of the sale; there is not continuous online selling activity. A one-off seller might go to eBay simply because he or she purchased a product but no longer wants it or received it as a gift and will not use it. The intent to profit really is not nefarious.

Professional Schemers

Unlike the one-off sellers, this group has a ton to gain financially through unauthorized sales. The “professional schemers” often contact authorized distributors and work with those authorized sellers to purchase products at very low prices. From there, the “schemers” resell the products slightly below retail on unauthorized websites to generate a profit, while the authorized distributors make money based on what is effectively a commission.

Sellers Using Stolen Credit Cards to Purchase (Then Distribute) Products

This unique type of seller lists products at significantly reduced rates, uses stolen credit cards to purchase the products from the company, and then—upon receipt of the products—ships the products to the buyer. The unsuspecting purchaser, in this scenario, pays for the product legitimately through eBay, but the scammer-seller takes the money as his or her entire profit. Because the unauthorized seller used a stolen credit card, he or she is not out any money – regardless of the price of the product (even if it is three or four times the amount for which he or she sold it). The company becomes aware of the unauthorized purchase when it receives a chargeback from the credit card; at this point, the product has already shipped out.

For more information, contact Vorys’ Illegal Online Seller Enforcement team at 877.545.6905. Learn more about the practice at [services-648.html](#) and through <https://www.youtube.com/watch?v=FwowrsQp1I4>, and follow Whitney on Twitter (@WhitneyCGibson).