

# BITS

FINANCIAL SERVICES  
R O U N D T A B L E

## **BITS Fraud Steering Committee and BITS Fraud Program 2008 Accomplishments**

### **BITS Fraud Steering Committee**

In addition to providing oversight and guidance to the various working groups and projects under the BITS Fraud Program, the BITS Fraud Steering Committee (FSC) provided input and/or review to the following forums, papers, and/or projects:

- **Creation of Fraud Working Group.** (June 2008) Created to share information regarding overall BITS, Roundtable and Fraud Program efforts and emerging fraud trends, and increase active participation by members of the program.
- **Expansion of Fraud Steering Committee.** (May 2008) Expanded FSC to include three new member representatives (Ameriprise, Genworth Financial, and Northern Trust) and to provide perspective on issues facing the insurance and securities industries.
- **Online Fraud Library.** (May 2008) Created an online resource of publicly available reports and documents that focus on: AML/SAR reporting; Check 21; counterfeit checks; cybercrime, data breaches/information security; debit card/ATM fraud; email security; financial abuse of the elderly and vulnerable; fraud risk management; ID theft; internal fraud; loan and mortgage fraud; mobile payments; online/remote channel fraud; payments fraud and risk; and remote deposit capture.
- **USPIS Quick Reference Guide on Account Takeover Fraud.** (May 2008) Provided a review of the USPIS Quick Reference Guide on Account Takeover Fraud.
- **Implementation of ID Theft Red Flags.** (January and April 2008) Participated in a series of calls to discuss implementation challenges with the ID Theft “Red Flags” Rule and participated in a survey on the progress and challenges in complying with the red flags regulation. A member also presented a case study regarding their approach to implementation during the January call.

### **Formal Surveys**

- **Survey: Elder Abuse Training Needs.** (October 2008) Requested by the National Adult Protective Services Association (NAPSA), which helped to develop the “BITS Fraud Protection Toolkit: Protecting the Elderly and Vulnerable from Financial Fraud and Exploitation,” members of the former Elder Abuse Working Group and the BITS FSC participated in a survey to determine long term training and planning needs for educating various sectors about elder abuse.
- **Anti Money Laundering.** (May 2008) Polled BITS members regarding their institution’s internal relationship between their Fraud and AML operational groups.

## **BITS Fraud Program: Subgroups and Project Groups<sup>1</sup>**

### Fraud Working Group, led by Gayle Helm, BB&T Corporation, and Dorothy Steffens, Credit Union National Association (CUNA)

- *Fraud Advisory: Bust-out Scams.* (May 2008) Originally known as the BITS Rising Fraud Risk Discussion Forum, this group developed an advisory to warn members of the significant increase in highly organized credit abuse (or bustout) frauds since 2007. The advisory provides red flags for identifying this abuse and identifies some strategies to mitigate the risk. This advisory led to the creation of the Credit Bustout subgroup that is developing a briefing paper on this issue.

### BITS ACH Risk Subgroup, led by Silvia Sarra, Sovereign Bancorp, Inc., and Dan Komanski, HSBC North America Holdings, Inc.

- *Fraud Advisory: Increase in Work-from-Home Scams.* (December 2008). Developed to advise members of the reported increase of customers falling victim to work-from-home scams. This advisory identifies characteristics of an individual who has fallen victim to these scams and provides recommended mitigation strategies to address them. This advisory is available on the members-only section of [www.bits.org](http://www.bits.org).
- *White Paper: Ongoing Monitoring & Screening of ACH Activity.* (July 2008) Created to offer guidance on detecting and addressing fraudulent ACH activity. The paper contains detailed case studies and outlines specific types of fraud, including kiting, insider origination, and reverse phishing. This paper is available on the members-only section of [www.bits.org](http://www.bits.org).

### Former BITS Check Collections Working Group, led by Jim Regan, The Bank of New York Mellon Corporation

- *Check Collections Contact List.* (May 2008) Updated the Check Collections Contact List to support the escalation process by providing contact information for key collections representatives at participating institutions. The list was distributed to those who provided contact information for their institution.

### BITS Debit Card/ATM Fraud Subgroup, led by Linda Chumley and Kevin Hale, Wells Fargo & Company

- *ATM Photo Contact Share List.* (May 2008) Created an ATM Photo List to expedite and facilitate members' requests for ATM photos involving suspected fraud claims. The list is now maintained and updated by Fair Isaac Corporation and includes contact information for members of the American Bankers Association (ABA).
- *Debit Card/ATM Fraud Resource List.* (January 2008) Compiled a resource list of publicly available research papers and articles as they relate to debit card/ATM fraud and POS, ATM, and/or network security. This list is available at [www.bits.org](http://www.bits.org).

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<sup>1</sup> Many of these groups meet on a monthly basis for information sharing discussions. For a list of topics discussed in each group, please contact Heather Wyson, [Heather@fsround.org](mailto:Heather@fsround.org).

BITS Credit Bustout Project Group, led by Barbara Simcox, JPMorgan Chase & Co., and Rick Ziolkowski, Citigroup Inc.

- *Joint BITS/Industry Bustout Peer Group Call to Discuss USSS Portal.* (December 2008) Met to discuss the reactivation of the U.S. Secret Service's (USSS) secure information sharing portal. The portal will allow the USSS to use information uploaded by law enforcement and the financial services industry to search for commonalities for suspected or confirmed fraud and to build cases, and serve as a communication vehicle for the agencies and institutions to share alerts, case status and contact information. Two groups will be created to determine granting access/credentials and the architecture for the database.

BITS Mortgage Fraud Reduction Project Working Group, led by Susan Dailey, JPMorgan Chase & Co. and Debra Nelson, BB&T Corporation

- *Joint BITS/MBA Call with Federal Law Enforcement to Discuss Mortgage Fraud.* (July 2008) Met to discuss mortgage fraud trends and issues. Presentations included highlights from FinCEN'S April 2008 report "Mortgage Loan Fraud: An Update of Trends based Upon an Analysis of SARs."
- *Mortgage Fraud Consumer Education & Awareness Toolkit.* (January 2008) Developed material to help financial institutions educate consumers about mortgage fraud and how to protect themselves against the most common schemes. This toolkit is available at [www.bits.org](http://www.bits.org).

BITS Remote Channel Fraud Working Group, led by Stan Szwalbenest, JPMorgan Chase & Co.

- *Survey and Fraud Advisory: Employee Impersonation.* (November 2008). Surveyed members to determine experiences with employee impersonation at their call centers. The findings from this survey were used to update the employee impersonation fraud advisory previously released in July. This effort included the BITS Security Working Group. This advisory is available on the members-only section of [www.bits.org](http://www.bits.org).
- *Remote Channel Fraud: Achieving the Ideal Risk Environment Matrix* (July 2008) Distributed the compiled results to participants and held a call to review initial reactions. A high-level summary of the findings were distributed to members of the BITS Remote Channel Fraud subgroup, BITS Security Working Group and BITS Fraud Steering Committee in December.
- *Fraud Advisory: Employee Impersonation.* (July 2008) Created to outline the motives for, and the characteristics of, employee impersonation and provides suggested mitigation strategies to combat it. (This advisory was updated and redistributed in December 2008 based on findings from the November survey.)
- *Business Banking/Treasury/Cash Management Web Solutions.* (March 2008) Created an advisory regarding the growing attacks against Internet business banking clients through the use of spear phishing and stolen log-in credentials. This advisory is available on the members-only section of [www.bits.org](http://www.bits.org).
- *Online Fraud Loss Reporting.* (March 2008) Members initiated and provided input into the development of an online fraud loss reporting methodology under the ABA.
- *Fraud Advisory: Relay Service Abuse.* (March 2008) Developed for financial institutions to provide red flags for identifying this abuse and identifies some strategies to mitigate the risk. This advisory is available on the members-only section of [www.bits.org](http://www.bits.org).

## **2008 Fraud Steering Committee Participating Institutions**

Chair: Kim Duncan, SunTrust Banks, Inc.

Vice Chair: William “Tom” French, Bank of America Corporation

Ameriprise Financial, Inc.  
Bank of America Corporation  
The Bank of New York Mellon Corporation  
BB&T Corporation  
Capital One Financial Corporation  
Citigroup Inc.  
Citizens Financial Group  
Comerica Incorporated  
Credit Union National Association (CUNA)  
Federal Reserve Bank of Philadelphia  
Federal Reserve Board  
Fifth Third Bancorp  
Genworth Financial  
JPMorgan Chase & Co.  
Northern Trust Corporation  
Sovereign Bancorp  
SunTrust Banks, Inc.  
U.S. Bancorp  
Wachovia Corporation  
Washington Mutual, Inc.  
Wells Fargo & Company

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