

BITS

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

BITS Fraud Steering Committee and BITS Fraud Program 2009 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:

- **Comment Letter: Consent Based Social Security Verification Service (CBSV)** (December 2009) Submitted comments to the Social Security Administration (SSA) regarding their fee increase for the Consent Based Social Security Number Verification (CBSV) program, which went into effect on October 1, 2009.
- **Expansion of Fraud Steering Committee** (May 2008) Expanded the expertise of the BITS Fraud Steering Committee to include the insurance and remote deposit capture perspective of USAA, as well as the payment card and payments system perspective of the Federal Reserve Banks of Philadelphia and Atlanta.
- **Incident Summary** (January & August 2009) Developed and maintained a summary of the Heartland breach based on news media articles and information provided by members.

Formal Surveys

- **Third-Party Service Provider Compliance with ID Theft Red Flags** (November 2009) Surveyed members regarding practices for assessing and performing audits of service providers for compliance with the ID Theft Red Flags rules.
- **Impact of Malware and Phishing** (October 2009) Surveyed members of the BITS Remote Channel Fraud subgroup and BITS Security Working Group to determine the impact of malware and phishing on their institution.
- **Offshoring Fraud Processes** (August 2009) Collected information about members' practices for offshoring fraud processes.
- **Industry Use of SSNs** (March 2009) Surveyed several BITS groups on the use of SSNs and their implementation stages of the FTC recommendations.
- **Enterprise Fraud Organizational Structure** (February 2009) Distributed a survey to members that offer both financial services and insurance products for peer information sharing about structure.

BITS Fraud Program: Subgroup and Project Group Deliverables

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

- **Information Sharing Calls.** Held monthly information sharing calls on topics including the implementation of international ACH transaction (IAT) codes, clarification and reorganization of NACHA Operating Rules, qualitative and quantitative data needed for effective ACH monitoring, tracking, and reporting, top ACH fraud trends, and more.

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

- **Paper: *Bust Out and Credit Abuse Activities.*** (July 2009) Created to provide institutions and law enforcement with information about bust out fraud; specifically, what it is, the characteristics and red flags for identifying it, and some recommended mitigation strategies that should be implemented by individual institutions and the financial services industry to address it.

BITS Fraud Working Group, led by Gayle Helm, BB&T, Corporation and Dorothy Steffens, CUNA

- **Information Sharing Calls.** Held monthly information sharing calls on topics including social networking risks and mitigation, strategies and tactics to minimize money mule recruiting, dealer floor plan fraud, and more.

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

- **Paper: *Residential Mortgage Fraud Prevention Strategies for Financial Institutions.*** (December 2009) Developed to assist the financial services industry in identifying and minimizing fraud risks associated with residential mortgages and home equity lines of credit (HELOCs).
- **Booklet: *Be Your Own Best Advocate: Mortgage Fraud Prevention.*** (August 2009) Developed to educate consumers about the common mortgage fraud scams. Information contained in this booklet includes characteristics and red flags to assist consumers in identifying the scams, recommended “dos and don’ts” for consumers to consider when getting a mortgage, and resources they can refer to for more information.
- **Survey: *Mortgage Fraud Processes and Procedures.*** (August 2009) Gathered information about the organizations and structure of members’ mortgage fraud operations and their fraud prevention and detection tools and processes. Compiled and anonymized results were distributed only to those who participated in the survey.
- ***Fraud Advisory: Servicing Frauds.*** (June 2009) Developed an advisory to alert members to the increase of servicing-related frauds involving foreclosure rescues, loan modifications, and servicing takeovers. The advisory includes indicators for each of these frauds, as well as recommended mitigation strategies
- ***Preparing and Presenting Your Mortgage Fraud Case to Law Enforcement*** (May 2009). A joint effort, which included participation from the Mortgage Bankers Association (MBA) and law enforcement, was established to provide institutions with tips and recommendations for preparing and presenting their mortgage fraud cases to law enforcement.

- **Joint BITS/MBA Call with Federal Law Enforcement to Discuss Mortgage Fraud.** (March 2009) Met to discuss mortgage fraud trends, issues, and efforts on behalf of industry and law enforcement.
- **Information Sharing Calls.** Held monthly information sharing calls on topics including false warranty claims, fraud controls for participating servicers in the Making Home Affordable Program, FHA loan frauds, mortgage elimination schemes, and more.

Payment Card Fraud Subgroup, led by Brad Hitson, BBVA Compass, and Mike Lopresti, Citigroup Inc.

- **Payment Card Fraud: Processes and Procedures.** (December 2009) Gathered information regarding other institutions' practices for managing payment card fraud risk.
- **Information Sharing Calls.** Held monthly information sharing calls on topics including ATM skimming frauds, emerging card fraud challenges, evolution of fraud to prepaid cards, and more.

Remote Channel Fraud Subgroup, led by Stan Szwabbenest, JPMorgan Chase & Co.

- **Recommendations for Detecting and Communicating with Customers whose Computers are Infected with Malware. (October 2009)** Created to provide tips and recommendations that Financial Institutions may consider for detecting and communicating to customers whose computers are known to have been infected with malware. Institutions should tailor these recommendations in accordance to their individual operating policies.
- **Information Sharing Calls.** Held monthly information sharing calls on topics including spoofing through VoIP, land, and wireless, SMS scams, call center authentication, fraudulent use of Internet relay services, and more.

2009 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.
 Comerica Incorporated
 Credit Union National Association (CUNA)
 Federal Reserve Bank of Atlanta
 Federal Reserve Bank of Philadelphia
 Federal Reserve Board

Fifth Third Bancorp
 Genworth Financial
 JPMorgan Chase & Co.
 RBS Americas/Citizens Financial Group
 Royal Bank of Canada
 Sovereign Bancorp
 SunTrust Banks, Inc.
 USAA
 U.S. Bancorp
 Wells Fargo & Company/Wachovia Corporation

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