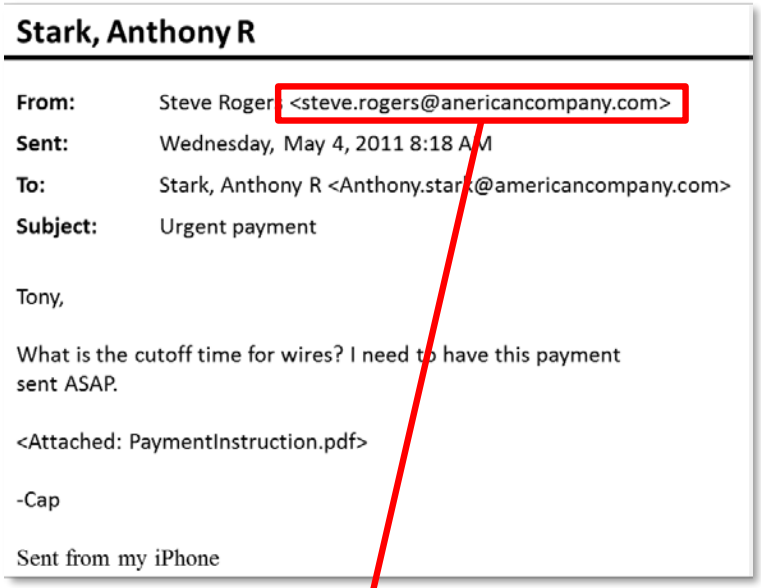
Insights for governments on cybersecurity and fraud prevention

In an ever-growing digital environment

August 2020

What is Business Email Compromise (BEC)

A scam where the fraudster hacks, spoofs, or masquerades a business email account in order to access the company and perform fraudulent transactions.



Stark, Anthony R

From: Steve Rogers <steve.rogers@anericancompany.com>
Sent: Wednesday, May 4, 2011 8:18 AM
To: Stark, Anthony R <Anthony.stark@americancompany.com>
Subject: Urgent payment

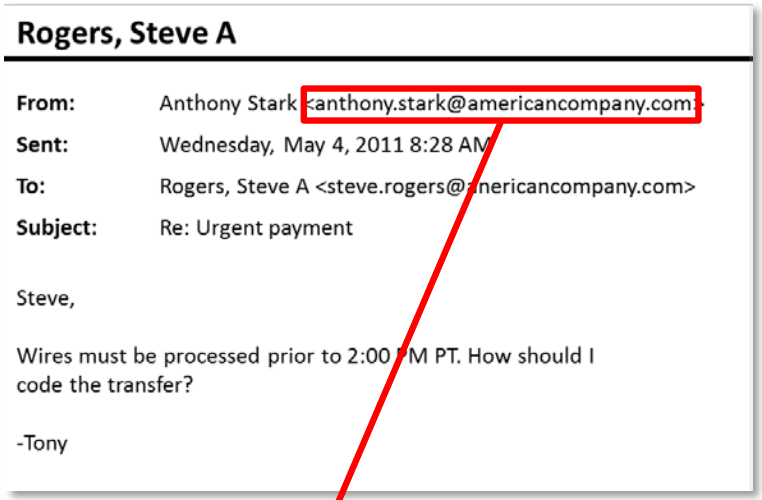
Tony,

What is the cutoff time for wires? I need to have this payment sent ASAP.

<Attached: PaymentInstruction.pdf>

-Cap

Sent from my iPhone



Rogers, Steve A

From: Anthony Stark <anthony.stark@americancompany.com>
Sent: Wednesday, May 4, 2011 8:28 AM
To: Rogers, Steve A <steve.rogers@americancompany.com>
Subject: Re: Urgent payment

Steve,

Wires must be processed prior to 2:00 PM PT. How should I code the transfer?

-Tony

<steve.rogers@anericancompany.com>

<anthony.stark@americancompany.com>

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Business email compromise (BEC) is on the rise

$12B	total and potential losses globally since 2013
24K	complaints reported to the FBI in 2019
$1.7B	adjusted losses during 2019
1/3rd	of cases highlight a payment through wire transfer
11%	of all email fraud attacks use ‘fake email chain’ messages

Source: InfoSec Magazine - https://www.infosecurity-magazine.com/news/bec-attacks-jumped-17-last-year/
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Identifying types of BEC

The “Executive Masquerade”

Spoof	Masquerade	Funds Transferred
• The email accounts of high-level business executives (Chief Financial Officer, Chief Technology Officer, etc.) are compromised. • The account may be spoofed or hacked.	• A request for a wire transfer from the spoofed account is made to a second employee responsible for processing requests. • In some instances, the request is sent directly to the financial institution with instructions to urgently send funds to bank “X” for reason “Y.”	• The victimized employee processes the fraudulent request. • The fraudster receives the funds.

Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx;
U.S. Bank Financial IQ – Minimize Risk: https://financialiq.usbank.com/index/improve-your-operations/minimize-risk.html
See end disclosures.

The “Supplier Swindle”

Spoof	Masquerade	Funds Transferred
• A business with a relationship with a supplier is requested to wire funds for an invoice payment to an alternate, fraudulent account. • The request may be made via telephone, facsimile, or e-mail. • The communications are spoofed in similar fashion to the “Executive Masquerade.”	• A request for a wire transfer from the spoofed communication is made to an employee at the business responsible for processing requests.	• The victimized employee processes the fraudulent request. • The fraudster receives the funds.

Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx;
U.S. Bank Financial IQ – Minimize Risk: https://financialiq.usbank.com/index/improve-your-operations/minimize-risk.html
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Demo—Email Spoofing

1 Spoof from: Timber Insurance
Reply To: @yahoo.com

Funds from **Victim**

2

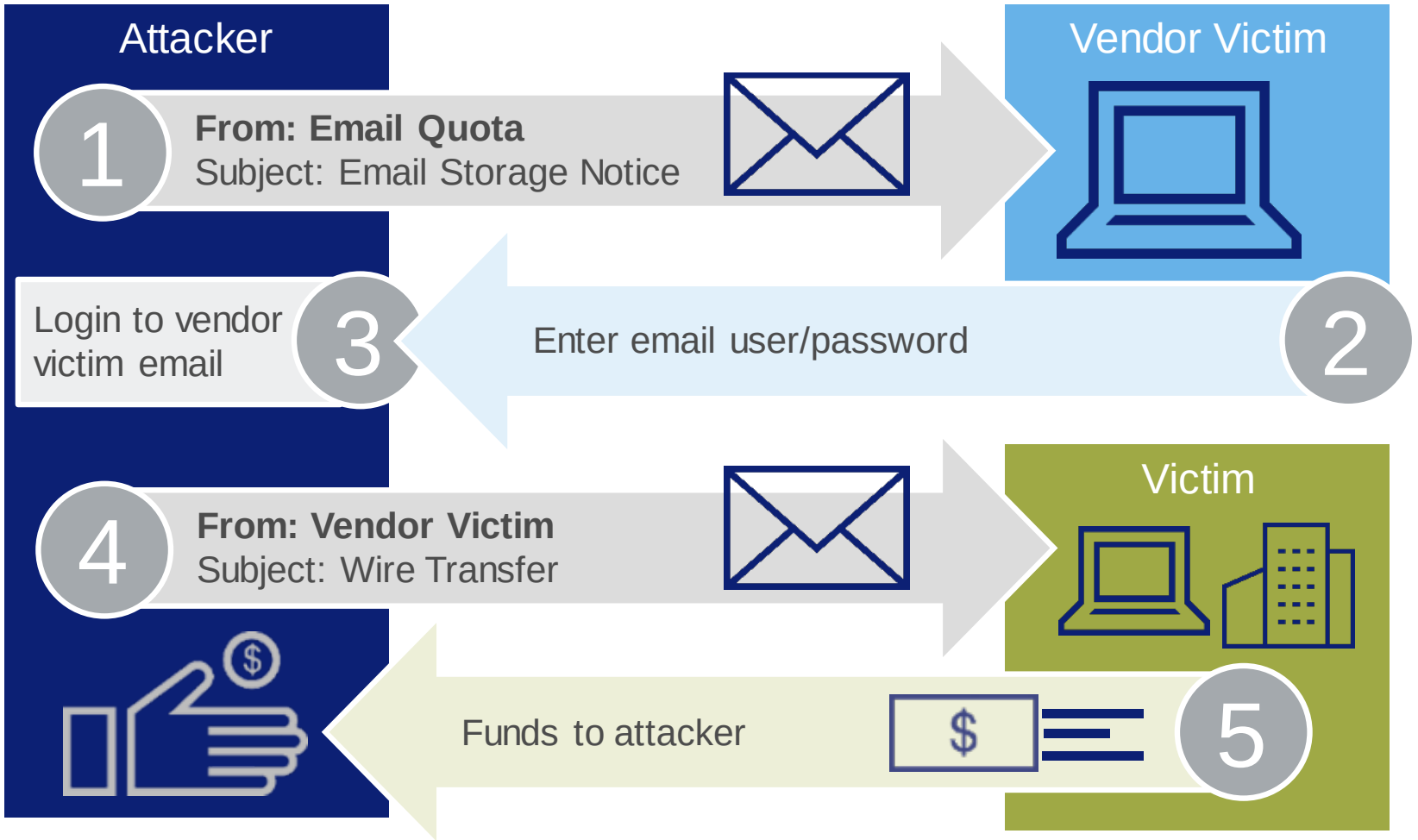
See end disclosures.

The “Hack Job”

Hack	Masquerade	Funds Transferred
• An employee of a business has his or her personal email hacked. • This personal email may be used for both personal and business communications.	• Requests for invoice payments to fraudster-controlled bank accounts are sent from this employee’s personal email to multiple vendors identified from this employee’s contact list.	• The victimized employee processes the fraudulent request. • The fraudster receives the payment. • The business may not become aware of the fraudulent requests until that business is contacted by a vendor to follow up on the status of an invoice payment.

Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx
See end disclosures.

Demo—Email Credential Theft



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The “Lawyer Up”

Spoof	Masquerade	Funds Transferred
• Fraudsters typically identify themselves as lawyers or representatives of law firms and claim to be handling confidential or time-sensitive matters. • Contact may be made via either phone or e-mail.	• Victims pressured by fraudster to act quickly or secretly in handling the transfer of funds. • Typically occurs at the end of the business day or work week. • Timed to coincide with the close of business of international financial institutions.	• The victimized employee processes the fraudulent request. • The fraudster receives the payment.

Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx
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The “Data Dump”

Spoof	Masquerade	Data Transferred
• The email accounts of high-level business executives (Chief Financial Officer, Chief Technology Officer, etc.) are compromised. • The account may be spoofed or hacked.	• Business personnel responsible for W-2s or maintaining PII, like human resources, bookkeeping, or auditing, are targeted. • The fraudster requests W-2 and/or PII information. • Incidents can be isolated and some occur prior to a fraudulent wire transfer request.	• The victimized employee processes the fraudulent request. • The fraudster receives the data. • Victims have fallen for this scenario even when they successfully identify and avoid the traditional BEC scam.

Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx; U.S. Bank Financial IQ
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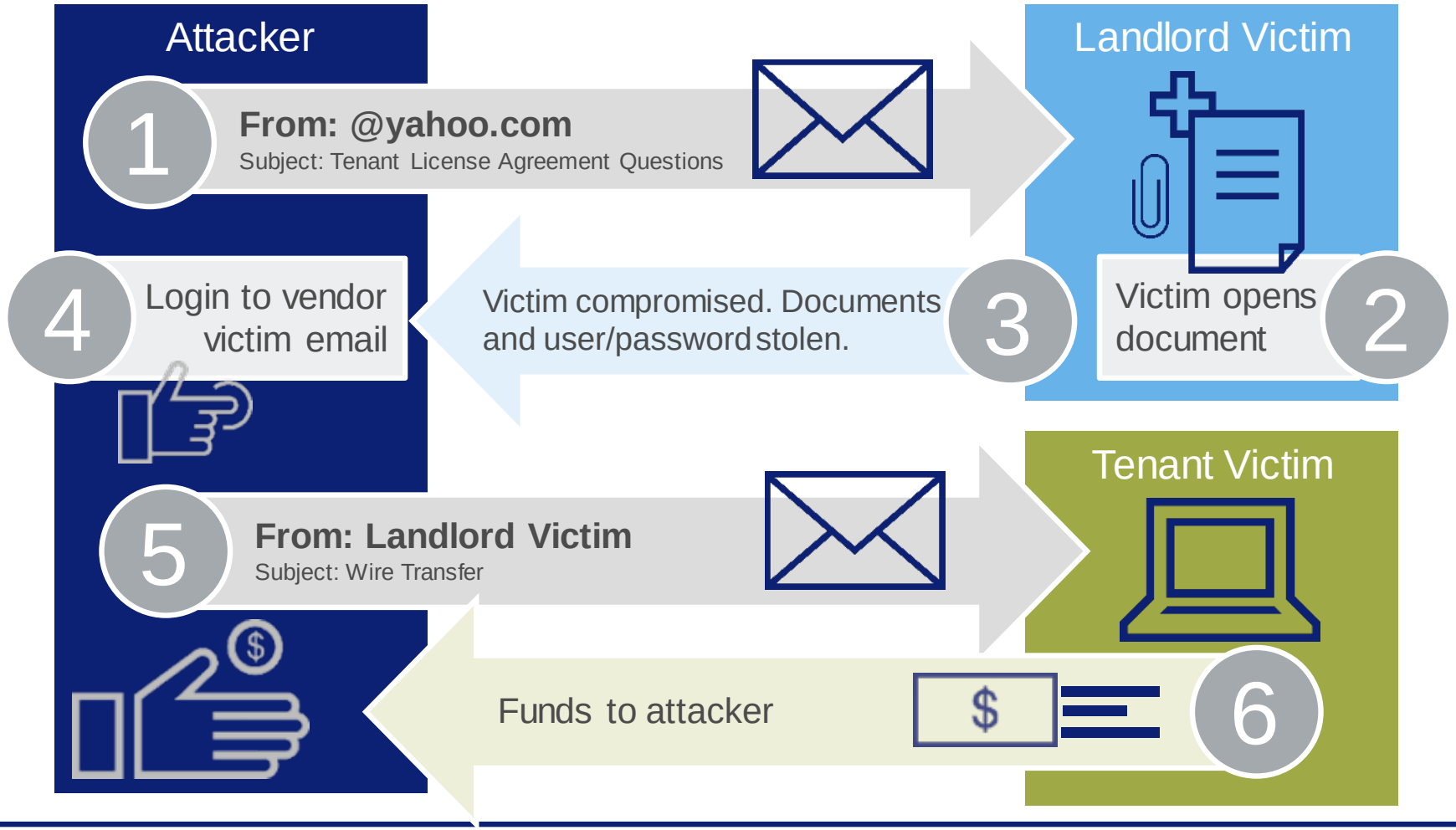
Demo—Hacking



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Prevention strategies and response

Staying safe online

Your cyber posture at home impacts your cyber posture at work.

Beware of unsolicited offers.

- Reconnaissance can be easily conducted on **LinkedIn, Facebook, and Instagram**.
- **On social media, phishers can learn:**
  - **1)** your employer
  - **2)** your position
  - **3)** your current location (geo-location)
  - **4)** products and subjects that you "like" or find interesting
  - **5)** your connections like friends, family and even co-workers

  Your interests inform phishers on how to target you.
- A phisher can guess your work email address **(e.g., jane.doe@governemntagency.gov).**

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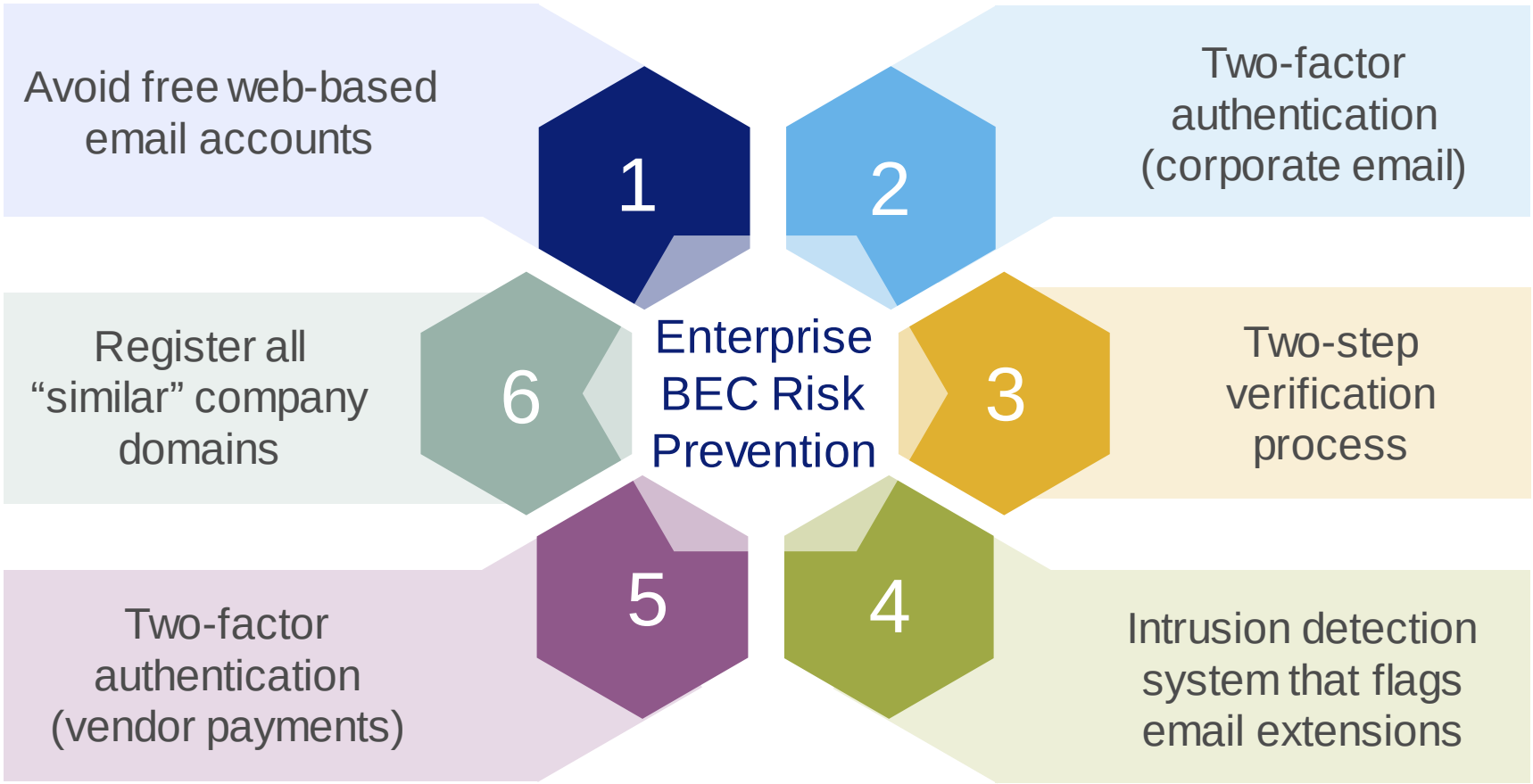
Prevent risk with enterprise strategies



Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx;
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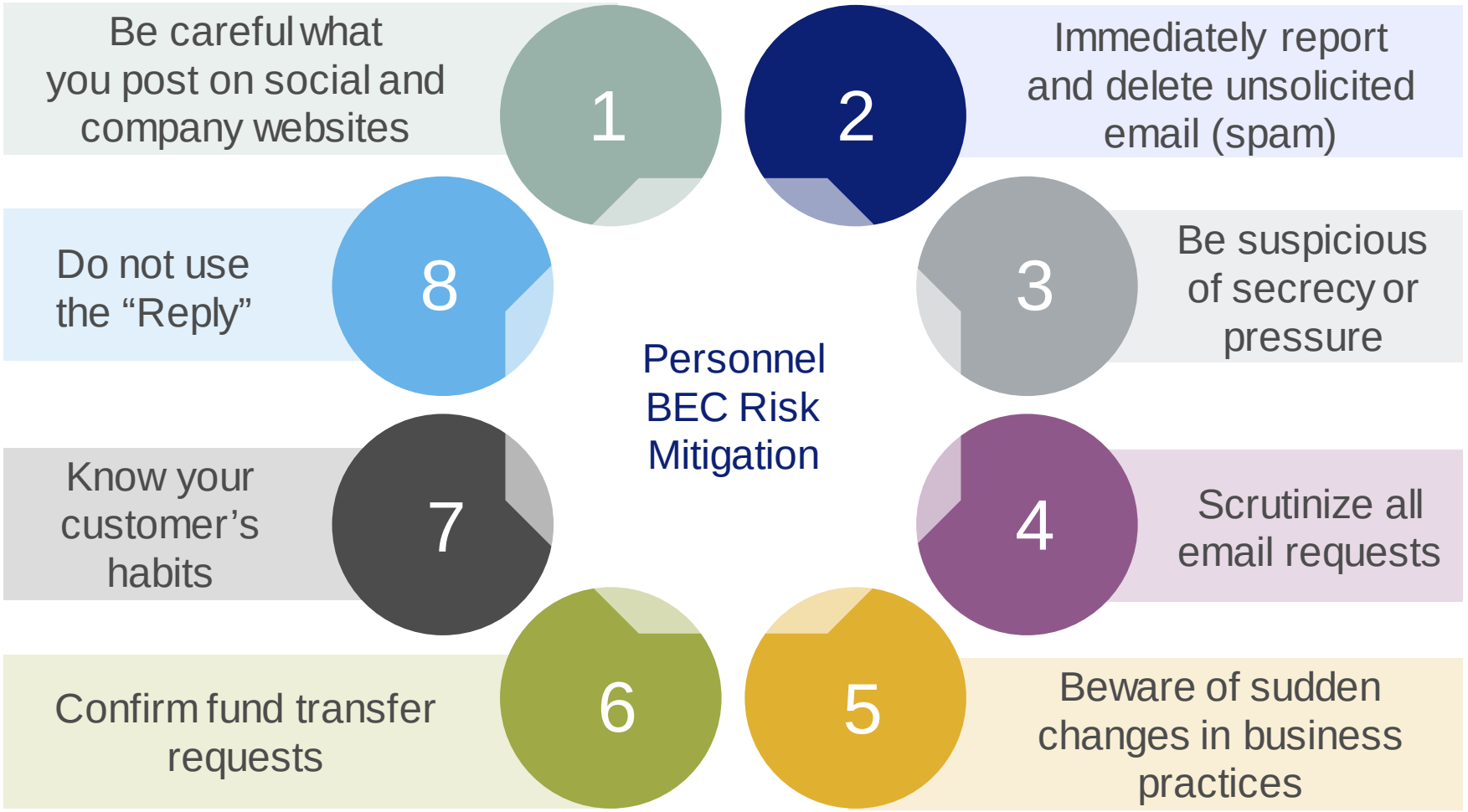
See end disclosures.

Mitigate risk with personnel policies



Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx;
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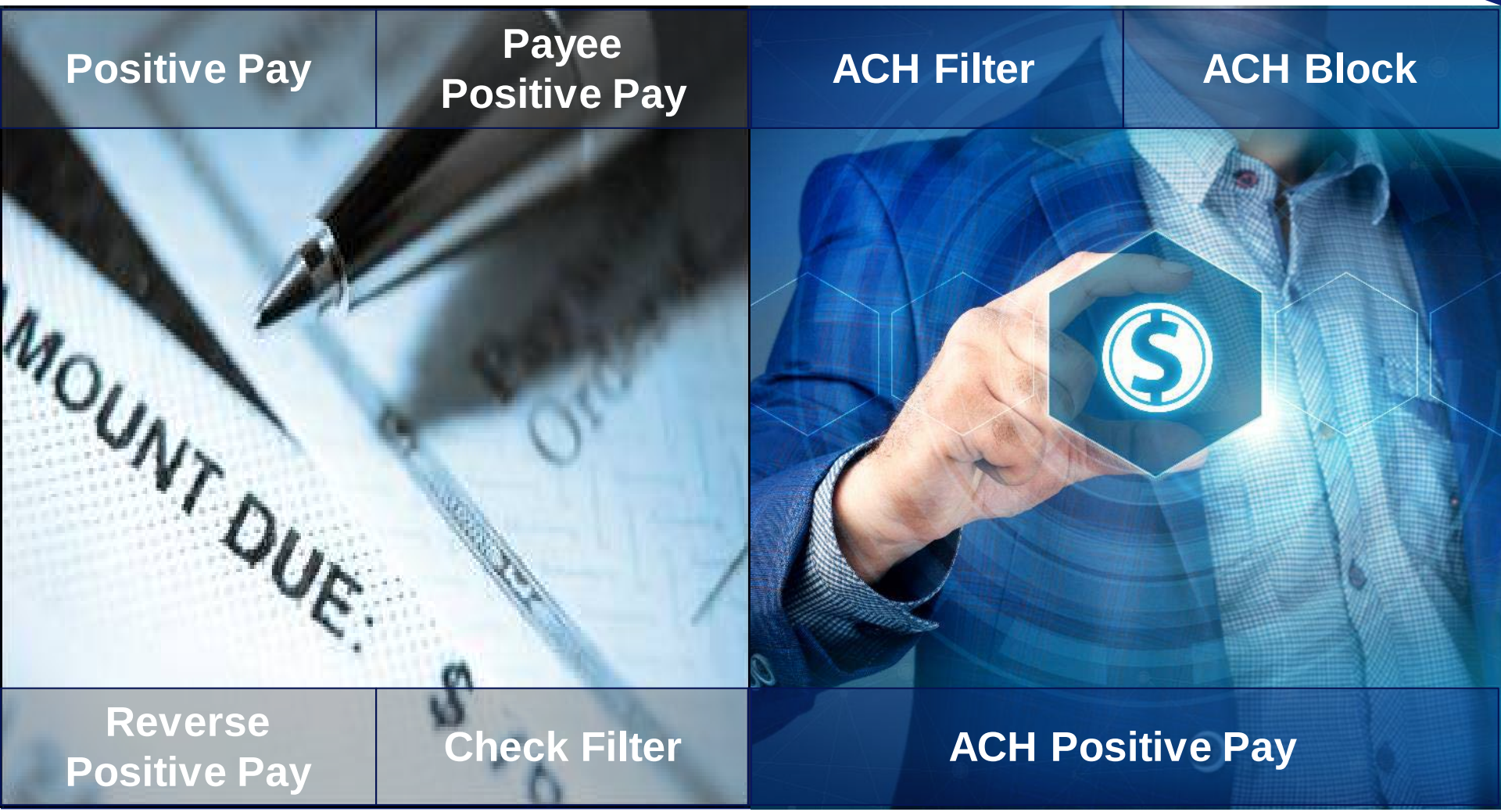
Inquire about protective banking services



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Act immediately—your fraud response

Contact
Commercial Customer Service (CCS)
to open a fraud case

Contact your local FBI Office
and file a complaint

Save all messages
and evidence

Sources: 2017 FBI PSA: https://www.ic3.gov/media/2017/170504.aspx
See end disclosures.

Q&A discussion

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