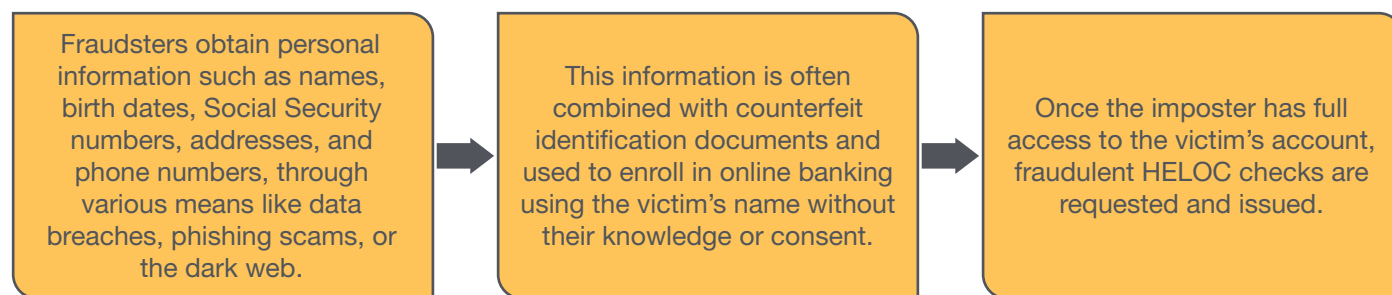


Compromised Credential Fraud Causing Spike in Counterfeit HELOC Checks

We have seen a spike in counterfeit HELOC check loss arising out of compromised credential fraud, where criminals enroll a current customer in online banking using stolen credentials without their authorization or knowledge. This type of fraud is a sister to “new account fraud,” where a fraudster opens a brand-new account based on a fraudulent identity.

How it works:



This method circumvents the many controls banks have put in place surrounding wire transfers.

How can a bank reduce the risk of falling victim to this scam?

Consider adopting the following strategies:

- Implement a customer call back using core system contact information for each newly established online banking enrollment.
- Add a system authentication procedure for each new online banking enrollment.
- Implement a customer callback for checking verification on large HELOC checks (signature comparisons are inadequate because signatures are electronically lifted so they look almost identical).
- Utilize fraud detection software and flag for unusual customer behavior as well as increase in online banking registrations.

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