Cyber Crimes and Fraud During the Pandemic – Current Issues and What to Look For

Presented by:

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Session A

History of the United States Secret Service (USSS)

- **1865** – Established to suppress counterfeiting of U.S. Currency
- **1902** – Protective mission is established following McKinley's assassination
- **1984** – Authorized to investigate access device fraud and computer fraud
- **1990** – Authorized to investigate bank fraud
- **2001** – Patriot Act mandated the establishment of USSS networks across the nation to mitigate attacks against critical infrastructure and financial payment systems
- **2020** – The Cyber Fraud Task Force continues to combat cyber-enabled financial crimes

USSS Authority

The United States Secret Service is mandated to protect the nation's critical infrastructure and financial payment systems.

- Unlike other sectors, the financial infrastructure is constantly under attack from international organized criminal enterprises, and those committing crimes for reasons of "simple economics".
- Lessens our confidence in the processing of everyday business transactions

- **1984** - Title 18 USC § 1029-1030 (Access Device Fraud, Computer Hacking)

- **1998** - Title 18 USC § 1028 (Identity Theft, Expanded)

- **2001** - USA PATRIOT Act (Expanded Cyber Investigations & ECTFs)
  - Mandated the USSS establish a network of Electronic Crimes Task Forces
  - Forces to protect, detect, and investigate various forms of electronic crimes including cyber crime

Cyber Fraud Task Force (CFTF)

Mission: Safeguard the U.S. Financial and Critical Systems Infrastructure

- **Trusted Partnerships:**
  - Liaison through quarterly meetings and other means of real-time information sharing.
  - Law enforcement agencies bring additional criminal enforcement jurisdiction and resources, while representatives from the private sector bring a wealth of technical expertise.
- **Criminal Investigations:**
  - Respond quickly to cyber crimes incidents by coordinating people and equipment assets.
  - Real-time exchange of information.

CFTF By the Numbers

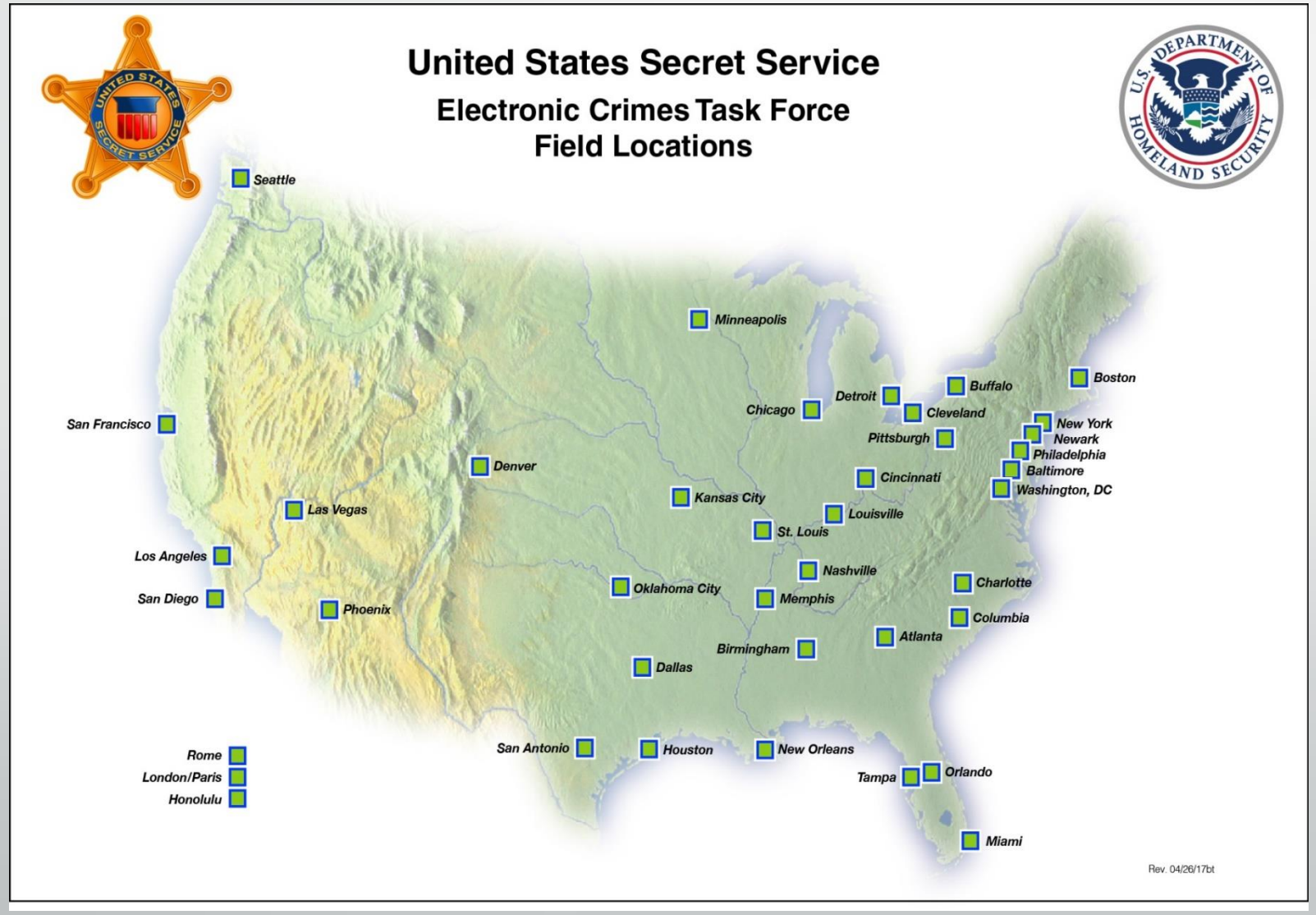
Involvement

- 40 Electronic Crimes Task Forces
  - 38 Domestic and 2 international (London, England and Rome, Italy)
- 4,000 Private Sector Partners
- 3,100 Federal, State & Local Law Enforcement Partners
- 350 Academic Partners

Statistics

- CFTF agents & officers arrested over 11,000 individuals since its inception
- Prevented over $15 billion in fraud loss
- In FY 15, prevented $598 million in fraud loss
- In FY 16, prevented $853 million in fraud loss

CFTF Locations - USSS



CFTF – Review and How to Join

- **Mission:**
  - Safeguard the U.S. Financial and Critical Systems Infrastructure
  - Combined the Financial Crimes and the Electronic Crimes Task Forces
  - A collaboration of partners across the region from law enforcement, academia, and the corporate sector designed to disseminate information on current trends and tactics concerning cyber crime.
  - If you are interested in joining, please contact us at:

    charles.perras@usss.dhs.gov and emily.granruth@usss.dhs.gov

COVID-19 and Pandemic Related Fraud

- **Normal fraudulent activities, but on a larger scale**
- **March 27, 2020 – CARES Act**
  - Coronavirus Aid, Relief, and Economic Security Act
    - $2.2 Trillion Economic Stimulus Package
    - $376 Billion in relief for workers and small businesses
- **State Unemployment Funds**
  - Department of Labor of each state
- **Small Business Administration (SBA) Funds**
  - 1953 – Cabinet-level federal agency dedicated to small businesses

Key Facts – Individual States

- **Name Mismatch**
  - Deposit does not match the account holder's name.
- **Multiple States**
  - Account is receiving funds from AZ, CA, OH, WA, etc. around the same time.
- **ACH Transaction Descriptions**
  - Each state is different, sometimes not clear.
    - Example: NY Dept. of Labor vs. ODJFS.
- **Unknown Reason**
  - Account holder does not know who the deposit is from.
  - Gives a generic reason, "college", "friend owes me money", etc.

Key Facts – SBA Loans

- **Paycheck Protection Program (PPP) - closed**
  - Loan forgiveness for retaining employees
  - Forgiven if all employee retention criteria are met
- **Economic Injury Disaster Loan (EIDL) - open**
  - Economic relief to small business and non-profits experiencing temporary loss of revenue
  - Fixed interest rates, 30 years
- **Methods**
  - Account Takeover
  - Romance Schemes
  - "Legitimate" Business Opportunities

Key Facts – How it Happens

- **Internet**
  - Scams via email, social media, etc.
  - Dating websites
- **Elder Fraud**
  - Highly targeted population
- **Scam Business Websites**
  - Misuse of SBA logo
  - False statements on applications

Use historical account information and other data as a baseline!

Key Facts – Fraud Indicators

- **Typical Fraudulent Activity Indicators**
  - Request for upfront payments
    - Sudden and frequent communication with the account holder
  - Large loan amounts
  - Newly created/multiple bank accounts
    - Personal or Business
  - Quick movement of money
  - Withdrawals through cash or apps
    - Venmo, PayPal, CashApp, etc.
  - Transfers to overseas accounts

Next Step Suggestions

- **Contact the Secret Service**
  - Buffalo Field Office: 716-551-4401.
  - Each case is different.
- **Freeze and/or close the account**
  - Follow your institution's policies for fraudulent activity.
- **Contact the account holder**
  - Determine the account holder's responsibility.
- **Return the ACH deposit to the originating bank**
  - Not always possible although some institutions are offering "hold harmless agreements".

Final Points

- **Education the Elderly**
  - Unusual account activity? Ask!
  - Compromised account? Fraud alerts!
    - Experian, TransUnion, Equifax
- **Protected Income Accounts**
  - Recent increase of fraudulent activity in these types of accounts.
- **Monitor ACH Transaction Descriptions**
  - Quickest way to "flag" potential fraudulent transactions.
- **Join the CFTF**

Questions?

- **Contact Information:**
  - www.secretservice.gov
  - **Buffalo Field Office**
    - **598 Main Street, Suite 300, Buffalo, NY 14202**
    - **716-551-4401**
    - Charles.Perras@usss.dhs.gov
    - Emily.Granruth@usss.dhs.gov