

A Fraudster's Paradise

Crissy Terry, AAP, NCP

Vice President, ePayAdvisors

Angelica Larrañaga, AAP, CAMS, CBAP, CCBCO, NCP

Director, Payments Education

Ask ePayExperts!



We Engage

- Member-based not-for-profit payments association
- Advocacy and national representation



We Educate

- Payments Answerline™
- Training and conferences
- Publications and toolkits



We Empower

- Our mission is to empower our members to be informed, compliant, and competitive in payments.

ePayAdvisors

Your Trusted Compliance Experts!

Compliance Services:

- ACH Audit & Risk Assessment
- Check Audit & Risk Assessment
- Wire Transfer Audit & Risk Assessment
- Third Party Services, RTP, and RDC

Consulting Services:

- Originator Compliance Review
- Operational Process Analysis
- Payments Systems Strategy



For a quote visit:
ePayAdvisors.com

800-475-0585
Option 5

Ask us about
Remote Services!

Disclaimers

This presentation and applicable materials are intended for general education purposes and nothing in this presentation should be considered legal, accounting, or tax advice.

You should contact your own attorney, accountant, or tax professional with any specific questions you might have related to this presentation that are of a legal, accounting, or tax nature.

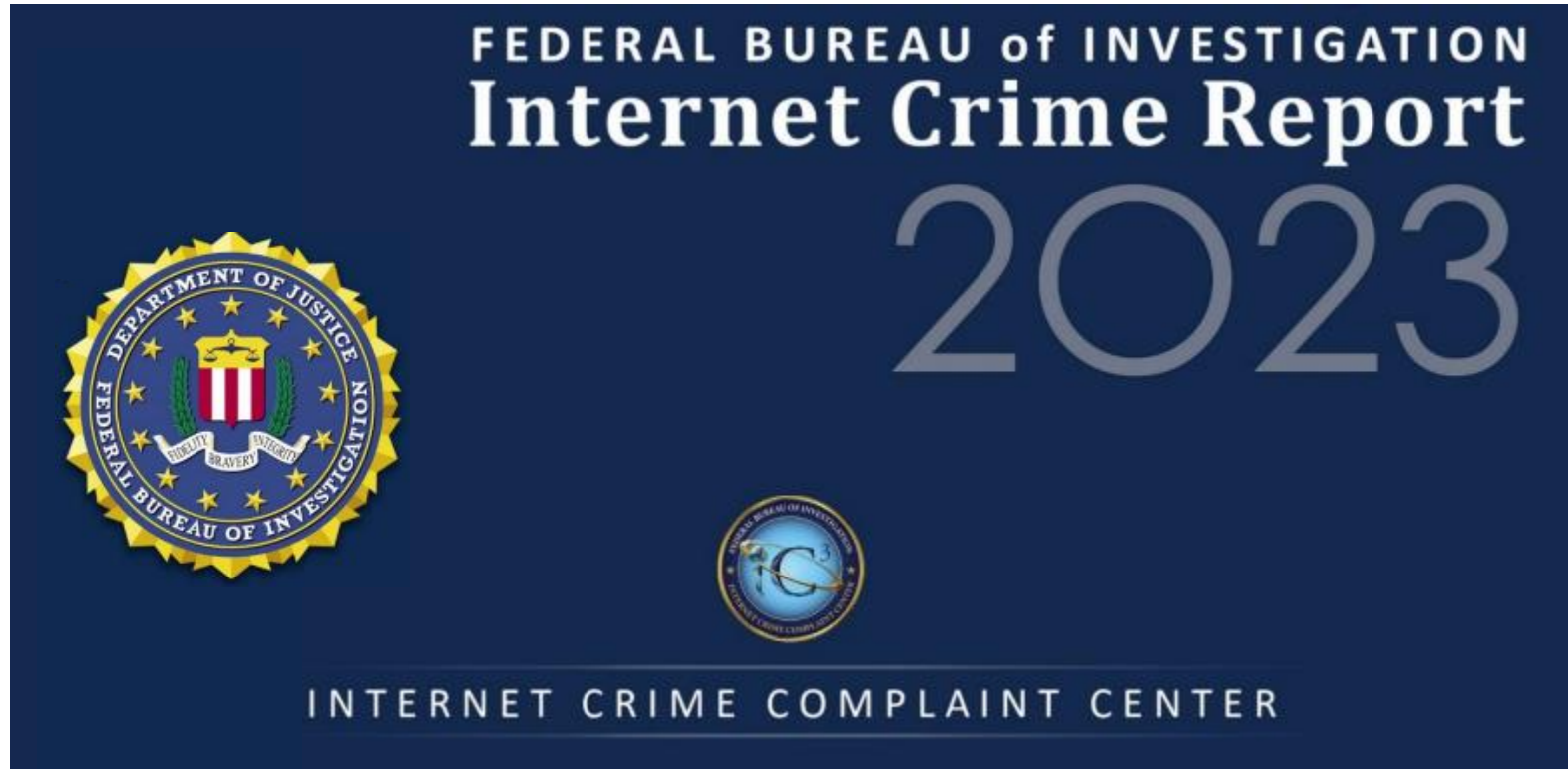
Opinions expressed are those of the presenter / trainer and not necessarily those of ePayResources.

Agenda

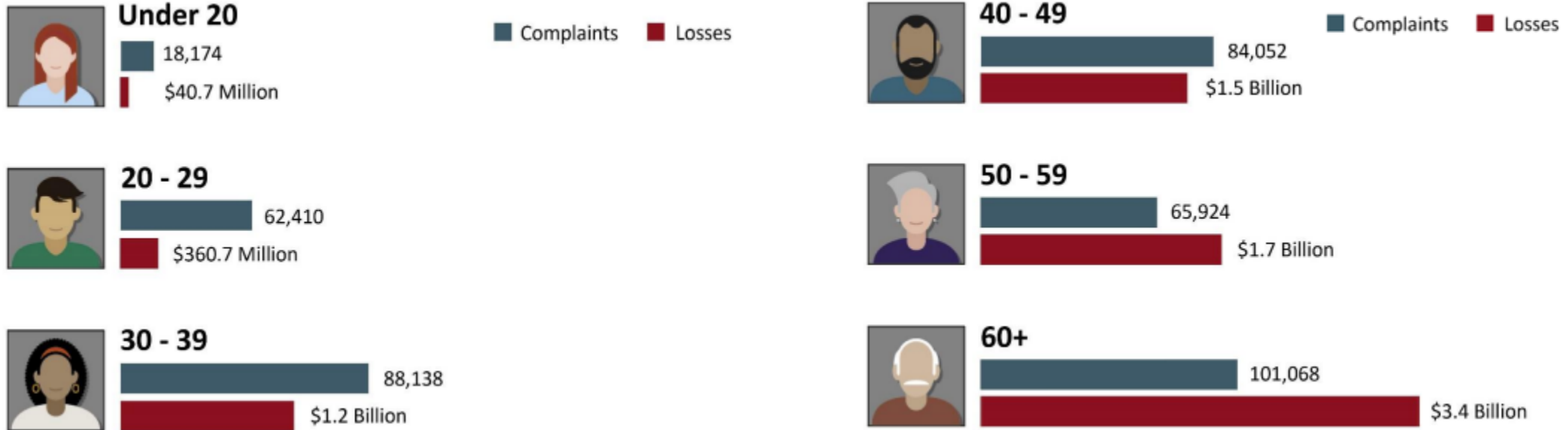
- Fraud data
- Check fraud
- Digital fraud
- Fraud mitigation



Fraud Data from the FBI



Fraud Data – Victims by Age Group



Victims

California #1 @ 77,271
Texas #2 @ 47,305
Florida #3 @ 41,061

Losses

California #1 @ \$2,159.5MM
Texas #2 @ \$1,021.6MM
Florida #3 @ \$874.7MM

[2023 IC3Report.pdf](#)

Fraud Data – Crime Types

2023 CRIME TYPES

By Complaint Count			
Crime Type	Complaints	Crime Type	Complaints
★ Phishing/Spoofing	298,878	Other	8,808
Personal Data Breach	55,851	Advanced Fee	8,045
Non-payment/Non-Delivery	50,523	Lottery/Sweepstakes/Inheritance	4,168
Extortion	48,223	Overpayment	4,144
Investment	39,570	Data Breach	3,727
Tech Support	37,560	Ransomware	2,825
★ BEC	21,489	Crimes Against Children	2,361
Identity Theft	19,778	Threats of Violence	1,697
Confidence/Romance	17,823	IPR/Copyright and Counterfeit	1,498
Employment	15,443	★ SIM Swap	1,075
Government Impersonation	14,190	★ Malware	659
★ Credit Card/Check Fraud	13,718	Botnet	540
Harassment/Stalking	9,587		
Real Estate	9,521		
Descriptors*			
Cryptocurrency	43,653	Cryptocurrency Wallet	25,815

2023 CRIME TYPES continued

By Complaint Loss			
Crime Type	Loss	Crime Type	Loss
Investment	\$4,570,275,683	Extortion	\$74,821,835
★ BEC	\$2,946,830,270	Employment	\$70,234,079
Tech Support	\$924,512,658	Ransomware*	\$59,641,384
Personal Data Breach	\$744,219,879	★ SIM Swap	\$48,798,103
Confidence/Romance	\$652,544,805	Overpayment	\$27,955,195
Data Breach	\$534,397,222	Botnet	\$22,422,708
Government Impersonation	\$394,050,518	★ Phishing/Spoofing	\$18,728,550
Non-payment/Non-Delivery	\$309,648,416	Threats of Violence	\$13,531,178
Other	\$240,053,059	Harassment/Stalking	\$9,677,332
★ Credit Card/Check Fraud	\$173,627,614	IPR/Copyright and Counterfeit	\$7,555,329
Real Estate	\$145,243,348	Crimes Against Children	\$2,031,485
Advanced Fee	\$134,516,577	★ Malware	\$1,213,317
Identity Theft	\$126,203,809		
Lottery/Sweepstakes/Inheritance	\$94,502,836		
Descriptors**			
Cryptocurrency	\$3,809,090,856	Cryptocurrency Wallet	\$1,778,399,729

SARs Filed By Depository Institutions – Fraud

Payment Channel	2021	2022	2023
ACH	176,914	183,732	199,939
Credit / debit card	140,328	269,694	299,936
Wire	58,915	77,761	97,865
Check	249,812	501,477	528,865

Why is it a Fraudster's Paradise?



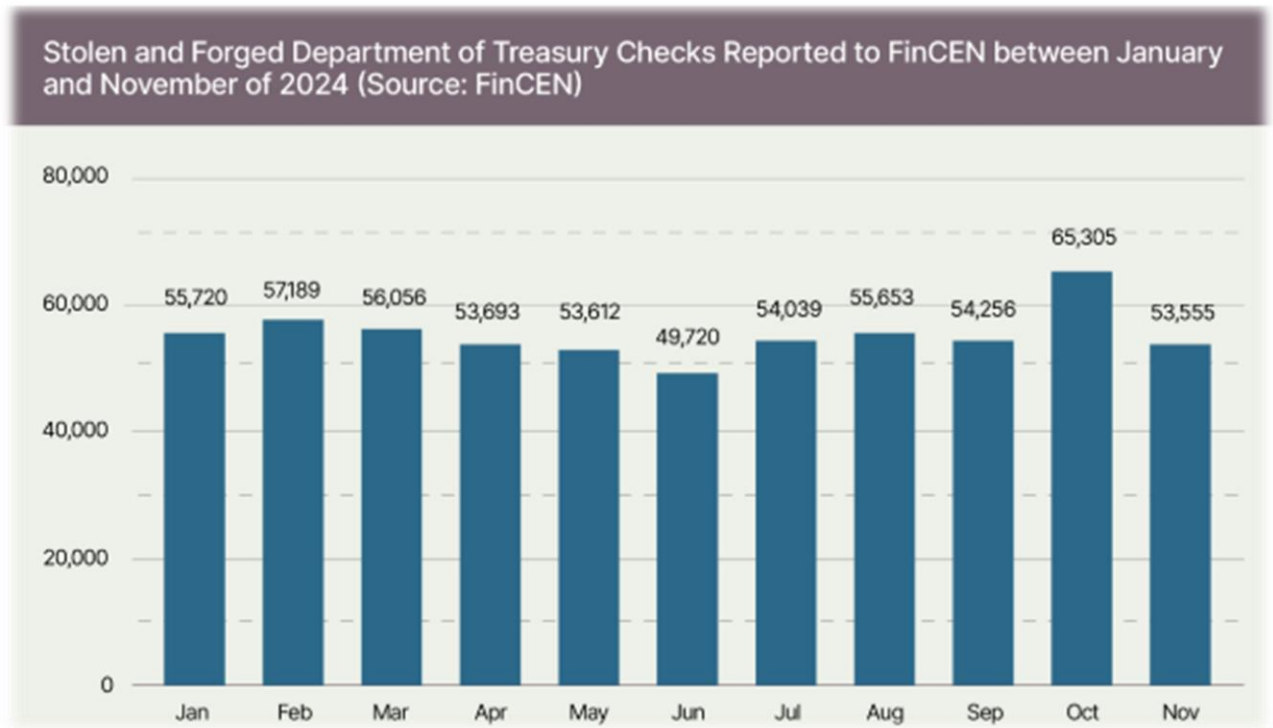
Everything Old Is New Again

- Mail theft
- Altered check
- Counterfeit check
- Forged Drawer's signature
- Forged indorsement



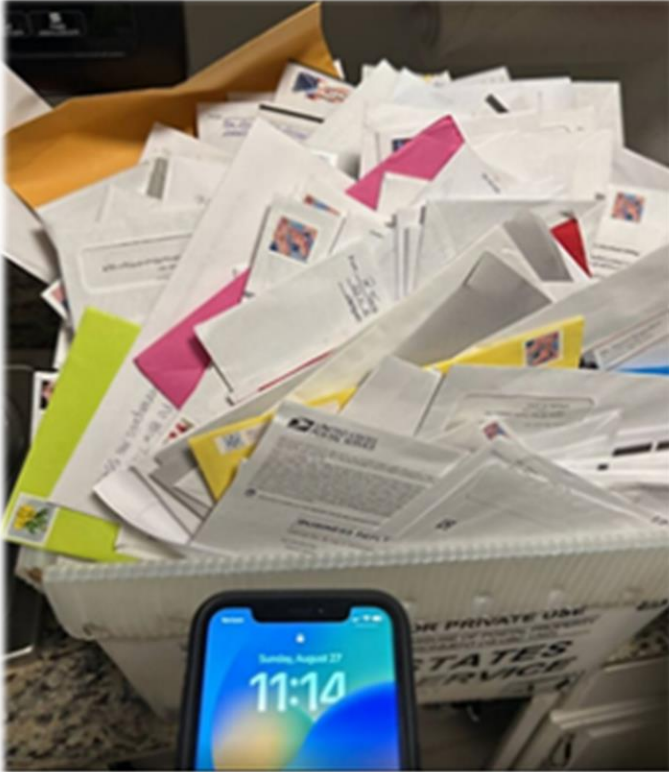
Treasury Checks

- 53 Telegram Channels from May 2024 – Feb 2025
- Cataloged 5,443 totaling \$140M



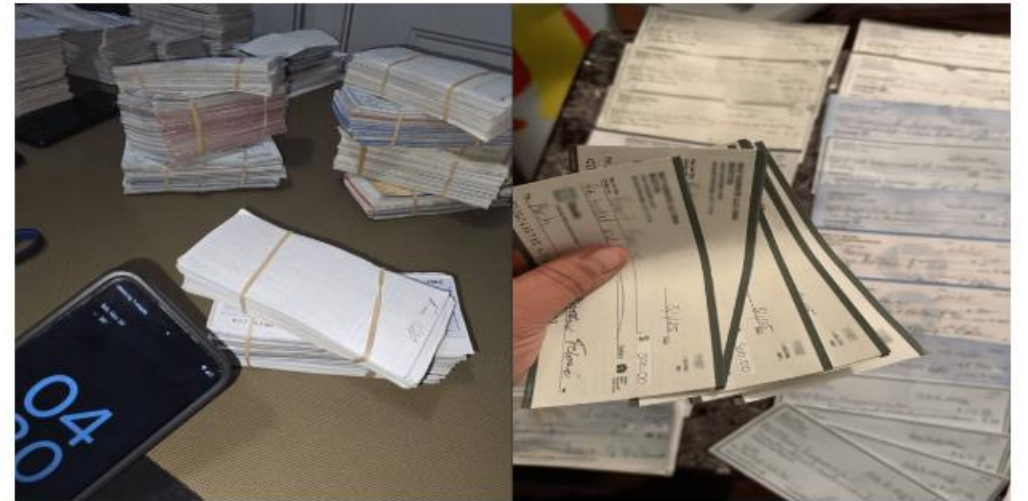
<https://resources.sentilink.com/blog/stolen-and-forged-treasury-checks>

Instant Messaging Channels / Communities



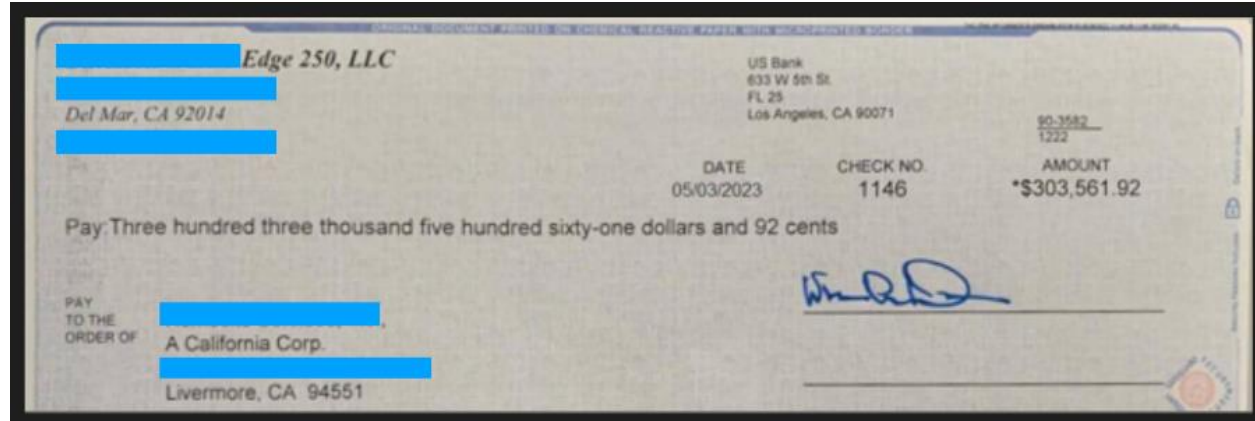
Dark Web "check bundle" for sale

- Dark Web fraud community
- Telegram
- WhatsApp



Stolen checks offered for sale via Telegram channels.

Hot Off The Press!



- Jackson would like to sell you this check for \$2,500!
 - Jackson the owner and admin of Scammers Empire
 - Over 30,000 members
 - 1 of the most popular fraud channels targeting financial institutions

[Booming Check Fraud Channels Grow 500% – Frank on Fraud](#)

Altered Checks

- Negotiable instrument on which key items have been changed to defraud someone
 - Check washing
 - Changing name of payee, amount, or date

Mrs. Jane Doe
 San Diego, CA 92117
 No. 593
 Date 10/23/07
 Pay to the order of: Cash FOR JOHN SMITH \$9000.⁰⁰
Nine thousand dollars & ⁰⁰/₁₀₀ —
 Bank of the USA
 5255 Mt. Etna Drive
 San Diego, CA 92117
 Jane Doe
 1-456-78910-000123-456-78910-000123-456-78910-000123-456-78910-000123-456-78910-1

7-1

BRENDAN KELLY 07-19
VALENTIN KELLY

Pay to the Order of THE EIGHTH WARD Shlight
Two thousand ninety two and 00/100

LAKE MICHIGAN CREDIT UNION

For Summer taxes 2017

Altered – Breach of Warranty

- Altered – UCC 3-417 states the depository bank warrants the check has not been altered
 - UCC 4-406: Customer has 1 year to make a claim of alteration and there is a 3-year statute of limitation (depends on state)
 - Paying Bank must deal direct
 - NO return beyond midnight deadline
 - NO adjustment for breach of UCC presentment warranty
- Regulation CC – Presumption of Alteration

Counterfeit Checks

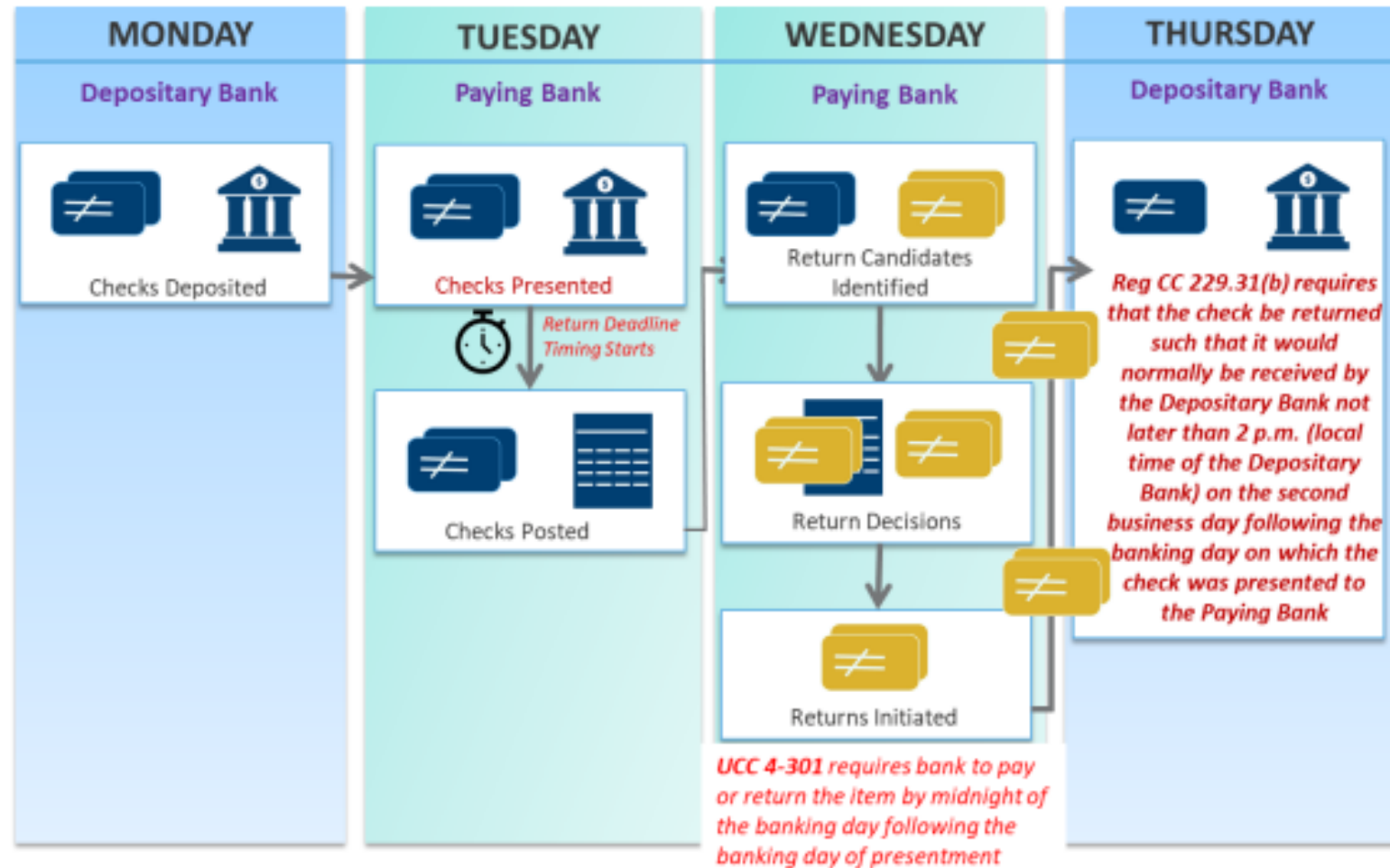
- "Counterfeit" means to manufacture, copy, reproduce, or forge an instrument that purports to be genuine, but is not, because it has been falsely copied, reproduced, forged, manufactured, embossed, encoded, or duplicated
- Some states rely on forgery definition rather than counterfeit
- Fraudulent identification
- False checks drawn on valid accounts
- Counterfeit characteristics
 - Poor quality paper stock
 - Absence of security features
 - Misspelled printed information
 - Check number out of range
 - Missing fractional form of Paying Bank's routing number
- Always Paying Bank's liability unless returned timely

Forged Drawer's Signature

- Use of legitimate blank checks
- Unauthorized imitation of Drawer signature
 - Unauthorized use of Drawer signature
- Verify signature on file
- Paying Bank's liability unless returned timely
 - Sometimes employers bear liability
- Remotely created checks (RCCs) NOT included in this category

UCC Midnight Deadline / Reg CC Expeditious Return

- Counterfeit
- Forgery of drawer

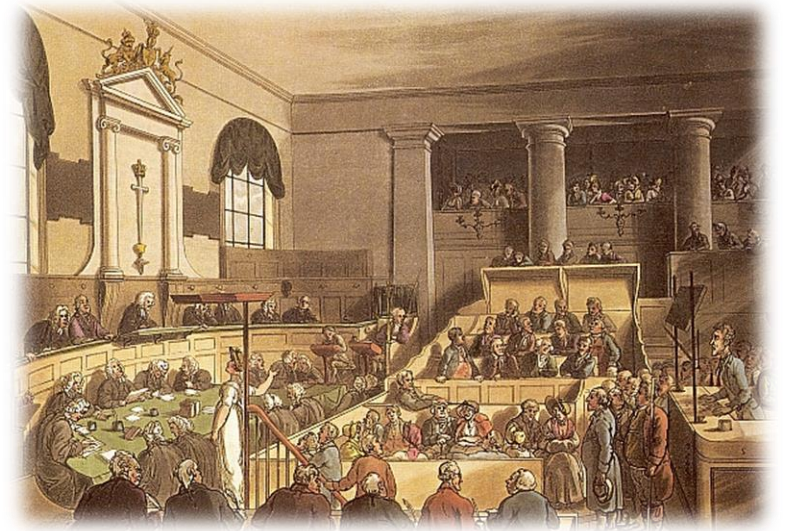


Forged and Counterfeit Check Warranties (Rule 9)

- Specific to ECCHO image exchange rules
 - May NOT send through Federal Reserve Bank
- Sending bank (Depository Bank) warrants
 - Signature of purported Drawer is not forged or otherwise unauthorized
 - Related physical check is not counterfeit
- Participation is default under ECCHO Rules
 - Opt-out permitted unless clearing agreements do not allow
 - If opt-out cancelled, may NOT elect to opt-out again for 6 months
- Does not change presentment warranties
 - Depository Bank can disclaim Rule 9 claim if Payee's account does NOT have funds to cover claim at time of account look up

Understand Your Liability – Counterfeit vs Altered

- Price vs Neal
 - 1762 English court case
 - Paying Bank is in the best position to know Drawer's signature
- Midnight deadline / Reg CC expeditious return
 - Counterfeit / forged maker's signature
- Breach of warranty claim (UCC presentment warranty)
 - Altered
- ECCHO rules



Forged Indorsements

- Indorsed by someone other than Payee(s)
 - Separation / divorce
 - Payable to multiple parties with unambiguous 'and' or '&'
 - 1 party indorses check for all parties
 - Parties payable in alternative not included
 - Blank indorsement problems (unintended holder)
- Require holder indorsement with valid ID in front of teller
- Always Depository Bank's liability

Check Fraud Mitigation – Deposit Fraud

- Partner with a vendor that can provide real-time alerts at teller line
 - Collaboration with other financial institutions for closed accounts, fraud, returning checks
- Remote deposit capture (RDC)
 - Limits
 - Tiered approach – give trusted customers higher threshold
 - Use caution with auto approvals
 - Require restrictive indorsement to prevent duplicates – “For Mobile Deposit Only at ABC Bank”
 - Fraud integration software

Check Fraud Mitigation – Incoming Fraud

- Fraud integration software
 - Check stock variations
 - Check number jump
 - Behavior (Customer does not normally write a \$25K check)
- Manual reviews over a certain dollar
- Customer awareness

Digital Fraud

- Faster payments
- Online account opening
- Wires
- Debit card
- Online banking transfers / P2P
- ACH origination

Faster Payments Around The World

- Other countries real-time fraud (2023)
 - UK: £300 million lost (approx. \$398M)
 - 98% using Faster Payments
 - Singapore: \$651M
 - Australia \$476M
- Most fraud is authorized push payments
 - Lower unauthorized due to fraud tools



FedNow® – Anti-Fraud Measures

- 2024 and beyond
 - Enabling financial institutions to activate control setting that rejects payments exhibiting unusual frequency patterns
 - Screening non-value messages, such as requests to send payments to bad actors
 - Monitor for aggregated concentrations of inbound and outbound activity
 - Can assist in detecting mule activity
 - Leverage machine learning to score transactions



RTP[®] – Anti-Fraud Measures

- Requires financial institutions to promptly investigate alerts
- TCH provides notifications
 - System level through system bulletins
 - Individual Participant level
(via communication from a TCH rep)
- Must take reasonable steps in a timely manner to
 - Incorporate the information into existing fraud prevention processes, procedures, and programs
 - Use information to take appropriate action with respect to a particular customer
- Participants must report fraudulent activity involving the RTP system



Online Account Opening

- ID theft / stolen check



- Mitigation
 - Strong ID validation tools
 - Restrict certain fund movement (e.g., transfers) for 30 days
 - Funding limits
 - Monitor for fraud activity for first 30 days
 - Monitor returns for funding ACH
 - Federal Reserve Synthetic Identity Fraud Mitigation Toolkit

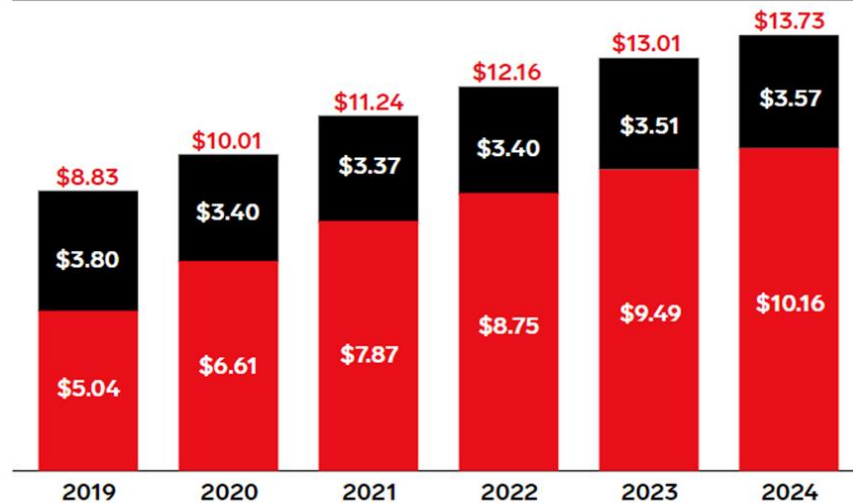
Wire Fraud

- Types of fraud
 - Malware, spyware, or viruses (e.g., account takeover)
 - Business email compromise
 - Impersonation scams
 - Money laundering
 - Dishonest employees
 - Lack of dual controls or segregation of duties
- Mitigation
 - Call back procedures
 - Staff training (BEC)
 - Online Banking anomaly detection
 - Wire policy / agreements
 - Ask questions
 - Customer education

Debit Card Fraud

US Total Card Fraud Losses, by Channel, 2019-2024

billions



■ Card-not-present (CNP) payments fraud loss*

■ Non-CNP payments fraud loss**

Note: *includes losses incurred by the merchant, consumer, and issuer for fraudulent remote payment transactions occurring via credit, debit, and prepaid cards; CNP transactions include internet, telephone and mail-order transactions; **includes losses incurred by the merchant, consumer, and issuer for fraudulent non-CNP payment transactions occurring via credit, debit, and prepaid cards

Source: Insider Intelligence, Aug 2022

278949

eMarketer | InsiderIntelligence.com

- Fraud
 - Card-not-present fraud
 - Identity theft
 - Skimming
 - Lost / stolen cards and card data
 - Breaches
- Mitigation
 - Limits
 - Customer alerts
 - Software

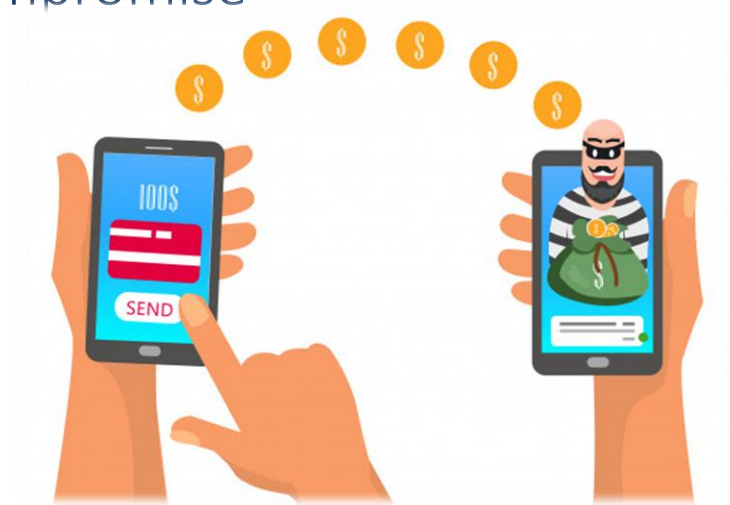
Oh, the Trickery! Credit Push Fraud!

- Account Takeover

- Social engineering
 - Phishing / Vishing / Smishing
- SIM swapping
- Business email compromise

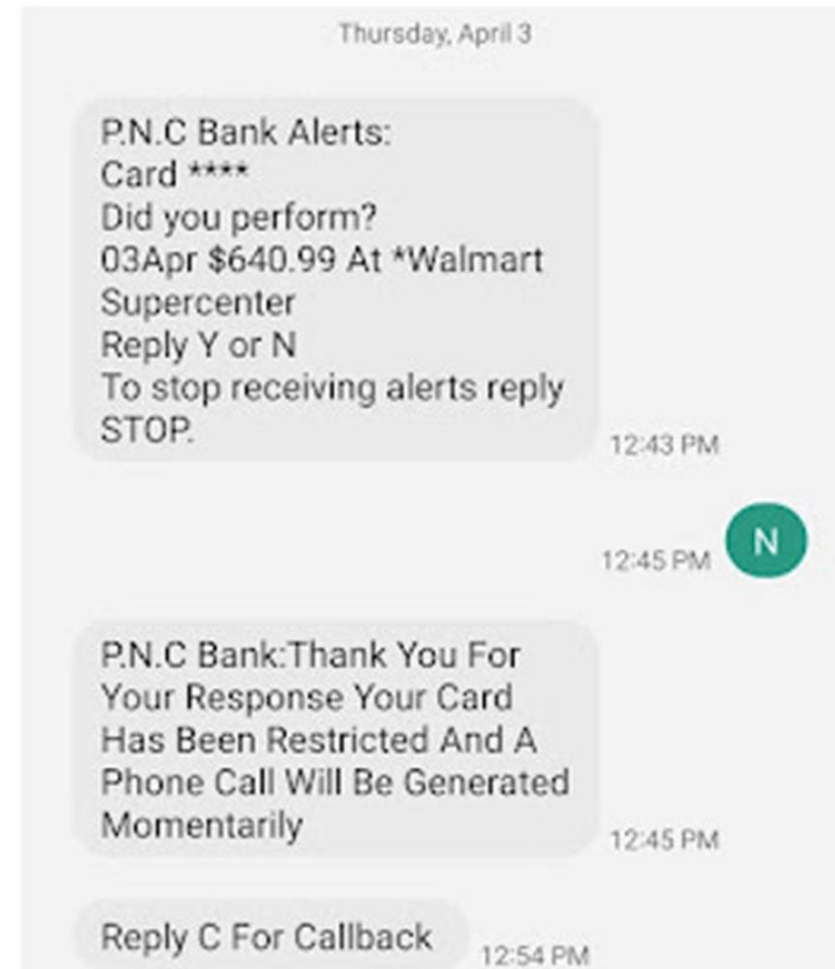
- Malware

- Worm
- Virus
- Trojan
- Most common
 - Remote Access Trojans (RATs)
 - Man-in-the-Browser (MitB)
 - Overlays
 - SMS sniffers



Social Engineering

- Text
- Account holder responds “N”
- Call from spoofed number
- Verify online banking username
- OTP shared by victim
- Password reset
- Access to money movement



ACH Origination – Corporate Account Takeover

- Originator compromised
 - System – malware
 - Provided credentials
 - Internal theft



- Mitigation
 - Limits
 - Strong controls for increasing limits
 - Annual limit reviews
 - Software to identify anomalies
 - Unusual date
 - File limit exceeding normal amount
 - Change in routing and account number (everything else could remain the same)

SIM Swapping



Business Email Compromise



- Step 1: Identify a target
 - Organized crime groups target businesses to develop a profile on business and its executives
- Step 2: Grooming
 - Spear phishing emails and / or phone calls target a victim company's officials
- Step 3: Exchange of information
 - Victim is convinced they are conducting a legitimate transaction and provided instructions to send money (wire, ACH, RTP, or FedNow)
- Step 4: Funds are transferred to bank account controlled by organized crime group

BEC – Spot the Difference



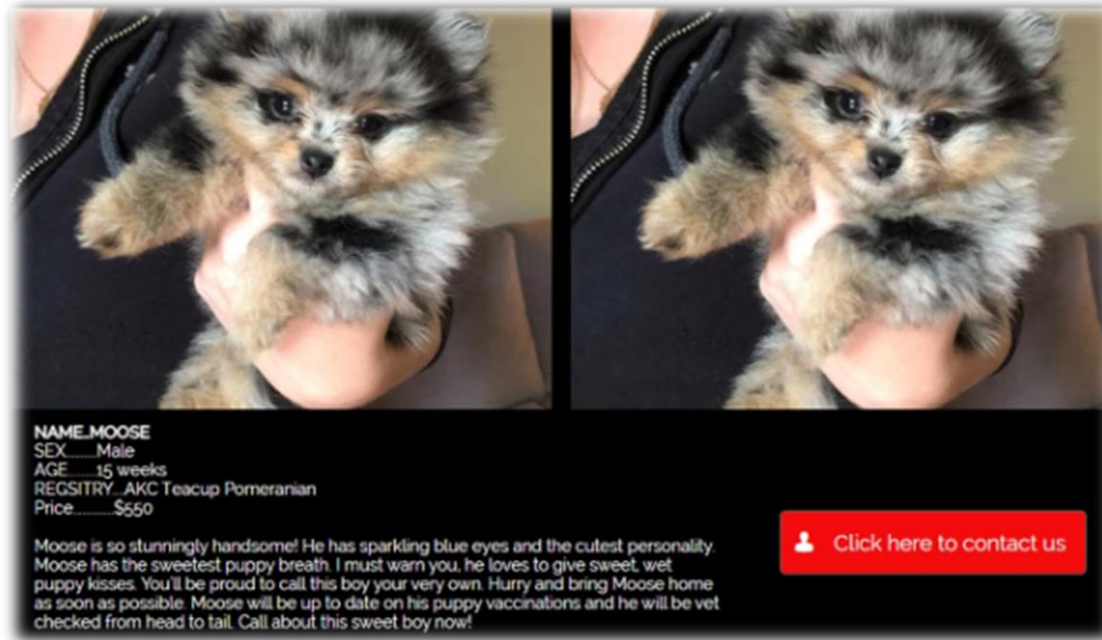
john.kelly@vendor.com
john.kelley@vendor.com

adam.sandler@abcbank.com
adam.sandler@abcbank.com

And there are more scams!

- Puppy
- Romance
- Lottery

Just Look at that Face!




- Increased during COVID-19
- Median loss reported to the BBB in 2024 \$1,293
- Payment via Zelle and CashApp most common

Finally Found L♥V E! And Won the Lottery!



- First comes swooning
- Then comes love
- Then comes asking for money
- You're a big winner!
- Just pay the taxes and it can all be yours!

 **Linked in**

250 MARRIOTT DRIVE
TALLAHASSEE, FL 32301
Ref: EAASL/9410Y1/02/SHYN
Batch: 12/25/0034
WEB SITE: WWW.FLALOTTERY.COM

Attention: Email Account Holder

Congratulations!! Congratulations!!

Are you the correct owner of this email? If yes, then, be glad this day as the result of the Florida Online Lotto and email address free-ticket draws of the 2015 Promotion Award has been released and we are glad to announce to you that your email address came out in the first category and entitles you to claim the sum of **US\$800,000.00**.

It is a promotional Program to encourage the use of Linked in and Microsoft and Internet Programs. Your email address was entered for the online draw on this free ticket number **B55607545 6152** with reference number **SAJA2C110** and Serial number **SA53 NEW AT 5:00** **Bonus 06**

This subject **LOTTERY SCAMS** **25 WPBF NEWS**

You have therefore been allocated to claim a total sum of **US\$800,000.00 (Eight Hundred Thousand, United States Dollars)** in cash is credited to file **SAPC/9080144308/05**. This is from a total cash prize of **US\$8,000,000.00** Shared amongst the 10 with (2) lucky winner in "1st" category.

here are two money scams authorities are warning locals to be aware of. One involves an e-mail that appears to be from South Africa while the other scam brings you face-to-face with your fraudster. John Dzenitis reports.

Regulation E

- But, what if the accountholder
 - Let someone use their debit card and provided the PIN?
 - Sent the funds themselves / authorized?
 - Provided online banking password?
 - Was negligent?



Liability Shift. Maybe!

- September 2022
 - Nacha issues New Risk Management Framework for the Era of Credit-Push Fraud guidance
 - RDFI to take an active role in identifying fraud
 - RFC – proposal to require RDFIs to establish commercially reasonable fraud detection systems to monitor incoming credit transactions
- October 2022
 - CFPB proposed that consumer scam financial loss should be shouldered by financial institutions, not consumer victims
- May 2023
 - Zelle rule implemented to require financial institutions to compensate customers who fall victim to certain scams (tricked into sending the funds)
- Studco v 1st Advantage
 - Over \$558K loss
 - Court held RDFI liable because it failed to act on certain alerts received about recipient bank account from its own anti-money laundering software
 - March 2025: Appeals court ruled in favor of 1st Advantage. Would that decision be different if it was 2026?

Mitigating Electronic Payments Fraud

- Consumer education
- Alerts for consumers
- Biometric / behavioral software
- Multi-factor authentication / OTP
- Layered approach
- Limits
- Follow procedures!



Balancing Risks

- Mitigate risks
 - Risk assessment!
- Look at rewards – payment offerings to remain competitive



Certificate of Completion

This certifies that

Print Name Above

has successfully completed the

A Fraudster's Paradise worth 1.8 AAP/AFPP/APRP & 1 NCP CREDITS

This program was conducted by the experts at ePayResources.

This certificate was awarded on May 8, 2025.

Print Date(s) Above



Wanda J. Downs

Wanda Downs, AAP, APRP, NCP

Some of our sessions may also be eligible for other industry certification renewal credits. Check with your certifying organization for eligibility requirements.

Connect With Me



Crissy Terry, AAP, NCP
Vice President, ePayAdvisors

800-475-0585 ext.1605

cterry@epayadvisors.com

 @crissy-terry

Connect With Me



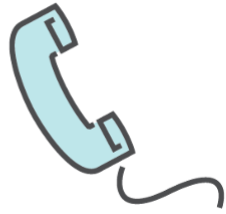
Angelica Larrañaga, AAP, CAMS, CBAP, CCBCO, NCP
Director, Payments Education

800-475-0585 ext.1104

alarranaga@epayresources.org

 @angelica-larranaga

Engage With Us



Payments Answerline™
800-475-0585, Option 1



General Information
info@epayresources.org





An extension of your team in all things payments!

