



# Prevention TIPS

December 8, 2011

## A Florida Credit Union Defeats International Wire Fraud

Southeast Corporate strives to keep you informed of trends in fraudulent wire activity. In recent days we became aware of a potential case of International Wire Fraud in which a credit union member was induced to request an international wire transfer of nearly \$50,000 to an individual in Western Africa as part of a relationship scam. The credit union, with support from Southeast Corporate, identified that the wire request represented a substantial risk and conducted additional due diligence.

It was revealed that the credit union member answered an email purporting to be from a young woman in Western Africa seeking a relationship. Over a period of several months, the email correspondence evolved to include skype and telephone conversations that painted a very appealing picture. Eventually, the fraudster asked for financial help so that she could move to the United States to be close to the member. Fortunately, with the help of credit union staff, the member realized that the various communications were the work of a criminal enterprise overseas, and agreed that sending the wire was not in his best interest.

Some of the risk factors that prompted the credit union to perform additional due diligence were:

- Large wire amount (almost \$50,000). Member had no history of sending international wires.
- Location wire (i.e. country, city) is being sent to an area known for harboring criminals engaging in fraud.
- Member was evasive about the purpose of the wire.

We are pleased to report that the fraudsters were defeated this time, but we encourage you to consider measures that might help mitigate the risks associated with international wire requests and with funds transfers in general. Some examples include:

- Establish and follow rigorous procedures to validate the availability of funds, particularly for members who make a large deposit and then immediately request a wire transfer. Fraudsters can sometime dupe an honest member into depositing a forged check then wiring money to an account controlled by the criminals. Efforts to recover such a wire will likely fail.
- Know your member. When a member who has never sent an international wire requests a large payment to be transferred overseas, consider the possibility that the payment request could be fraudulent. In such a case, be ready to make extraordinary efforts to confirm the request with your member and train your staff to ask questions.
- If you ask a member the reason for their wire request and they seem reluctant to discuss it, this is an indicator of potential problems. In adding up the risk factors associated with a particular wire request a member not wanting to discuss or disclose a reason for the wire request is certainly a factor to consider.
- Other potential factors might include: faxed paperwork, first-time wire request, large deposit just made, recent HELOC advance and large dollar amount, just to name a few.

For more information about wire fraud, plus tips and training materials for your staff, please visit our Fraud Resource Center located on our website at [www.secorp.org](http://www.secorp.org). Or call Member Services at 800-342-0203, option 1 with any questions or concerns. Ask about Southeast Corporate's MemberGuard service when you call!