



C.Y.B.E.R

Can You Be Entirely Ready?

Jonathan W. Biggs, J.D.

**Vice President, Risk Management &
Education – Investors Title**

**NCPA's 38th ANNUAL MEETING & SEMINAR
March 22, 2018 – March 24, 2018**

Jonathan W. Biggs
Vice President & Director of Risk Management & Education

Jon Biggs oversees risk management functions related to Investors Title's approved provider system. In this role, he oversees the approval process, develops educational seminars and communications-based initiatives involving approved providers and agents, and manages provider data and analysis related to the company's risk management efforts.

Prior to joining Investors Title in 2012, he was partner at a firm in Durham, North Carolina where he practiced residential and commercial real estate law for more than 20 years. Mr. Biggs holds a bachelor's degree from Duke University and a Juris Doctor from Wake Forest University School of Law.

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C.Y.B.E.R. – Can You Be Entirely Ready?

**Investors Title Risk Management
Continuing Legal Education Seminar**

Jonathan W. Biggs, J.D.
Vice President - Risk Management & Education

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Introduction

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Introduction

Two Part Test:

- 1) Do I Have a Computer?**
- 2) Do I Have a Cellular Phone?**

If You Answered "YES" to either, then you NEED to watch this presentation on Cyber Fraud and Cyber Security!



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CYBER Introduction

“I am convinced that there are only two types of companies – those that have been hacked and those that will be... and even they are converging into one category – companies that have been hacked and will be hacked again.”

– Robert S. Mueller, Director – FBI (2012)

and those that will be.” Robert Mueller
FBI Director, 2012

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CYBER Introduction

OVER

70% of organizations report having been compromised by a successful cyberattack in the past 12 months.

from Ponemon Institute

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CYBER Introduction

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CYBER Introduction

© Cartoonbank.com

Online You can make 3400% of Bank Robbery Haul

"You know, you can do this just as easily online."


Average Bank Robbery = \$3,816 Average Wire Fraud Loss = \$129,427


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CYBER **YAHOO!**

YAHOO!®

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CYBER **EQUIFAX**  **DATA BREACH**

EQUIFAX 

DATA BREACH

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Introduction
November 2017
Dan Mennenoh, ALTA Past-President
 Appeared before House Subcommittee on Financial Institutions & Consumer Credit

"This is a problem we can't fix on our own. What is so frustrating is that there is no amount of money we can spend to protect consumers from being targeted by these criminals."

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Introduction

Cyber crime is now top U.S. threat

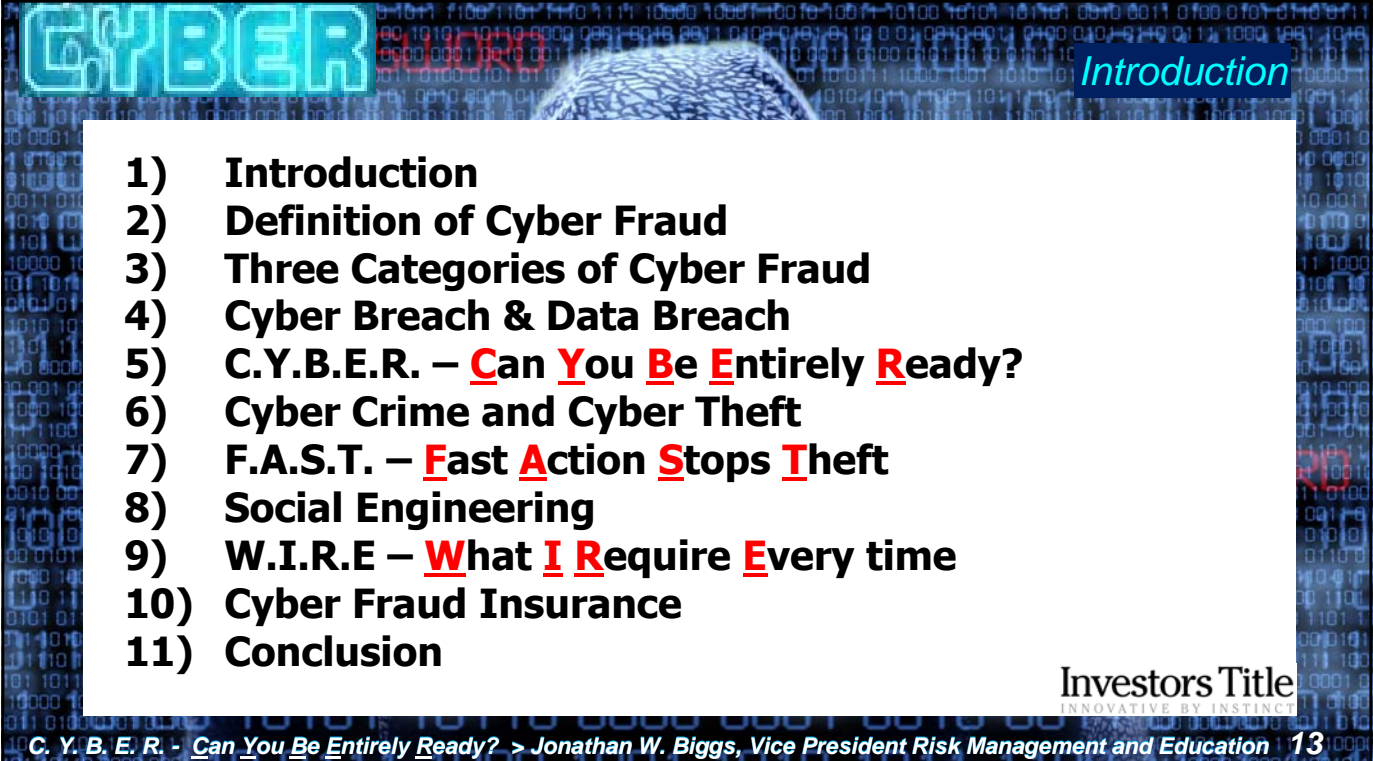
United States Is Under Cyber Attack

U.S. UNDER CYBERATTACK
 Hacking underscores major security threat

LIVE CNN

PALACE: QUEEN HOPES TO RESUME NORMAL SCHEDULE NEXT WEEK NAS -10.55 **CNN**

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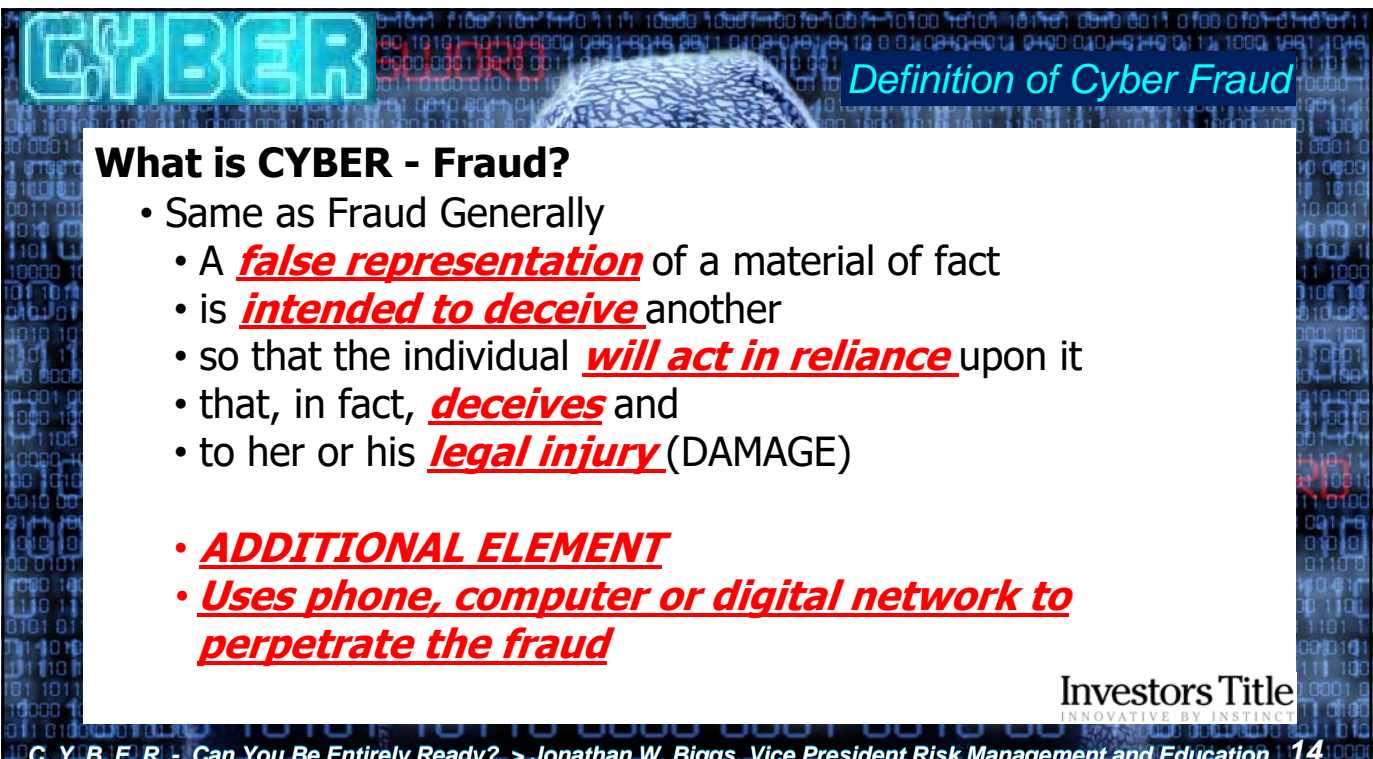


CYBER Introduction

- 1) Introduction
- 2) Definition of Cyber Fraud
- 3) Three Categories of Cyber Fraud
- 4) Cyber Breach & Data Breach
- 5) C.Y.B.E.R. – **C**an **Y**ou **B**e **E**ntirely **R**eady?
- 6) Cyber Crime and Cyber Theft
- 7) F.A.S.T. – **F**ast **A**ction **S**tops **T**heft
- 8) Social Engineering
- 9) W.I.R.E – **W**hat **I** **R**equire **E**very time
- 10) Cyber Fraud Insurance
- 11) Conclusion

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CYBER Definition of Cyber Fraud

What is CYBER - Fraud?

- Same as Fraud Generally
 - A **false representation** of a material of fact
 - is **intended to deceive** another
 - so that the individual **will act in reliance** upon it
 - that, in fact, **deceives** and
 - to her or his **legal injury** (DAMAGE)
- **ADDITIONAL ELEMENT**
- **Uses phone, computer or digital network to perpetrate the fraud**

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Definition of Cyber Fraud

What is CYBER - Fraud?

Cyber-Fraud is an all-encompassing term that includes a wide variety of types of fraud. It is often confused and identified with each of the sub-classes of Cyber-Fraud and used interchangeably.

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Three Categories of Cyber Fraud

Three Categories of Cyber-Fraud**1) Cyber Breach**

- When **DATA** or **INFORMATION** is stolen

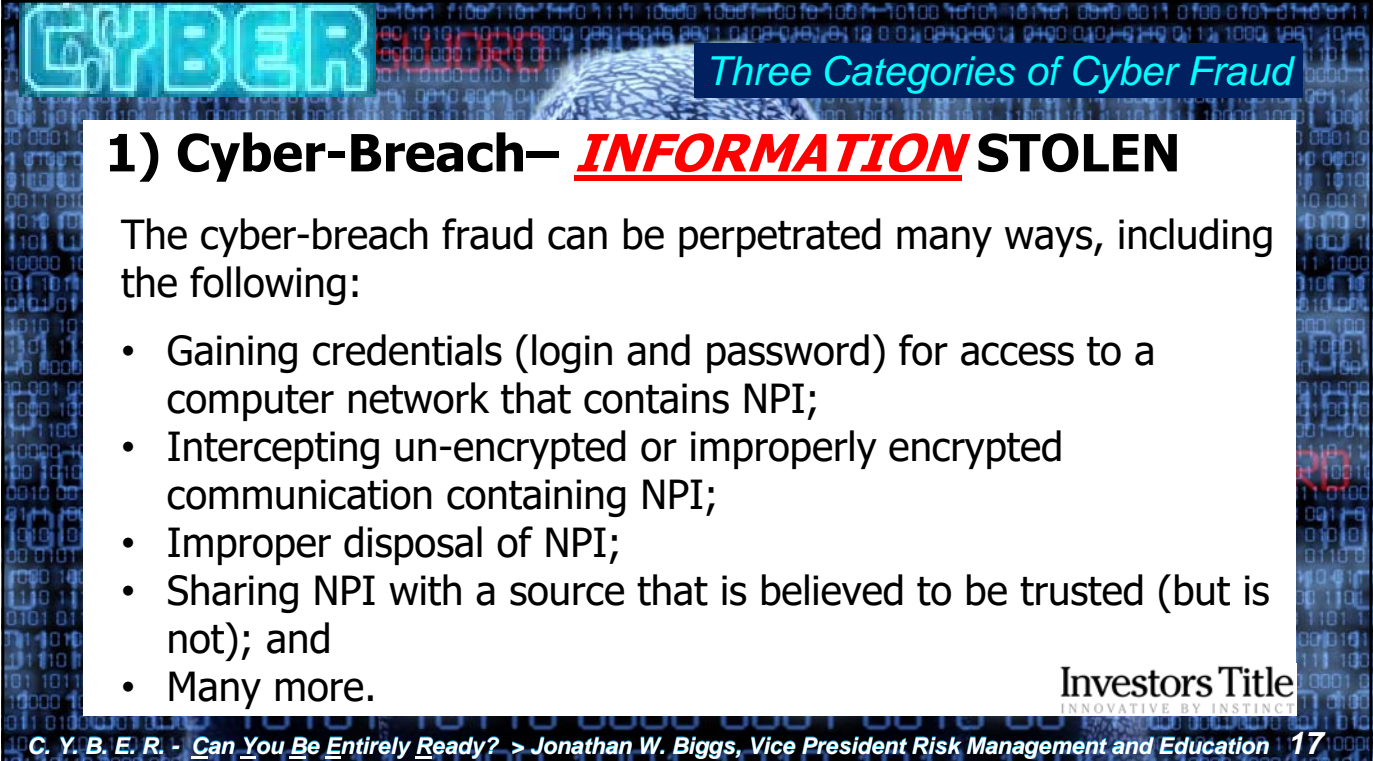
2) Cyber Theft or Cyber Crime

- When **MONEY** is stolen

3) Social Engineering Fraud

- When victim is tricked into turning over **MONEY** or **INFORMATION**

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Three Categories of Cyber Fraud

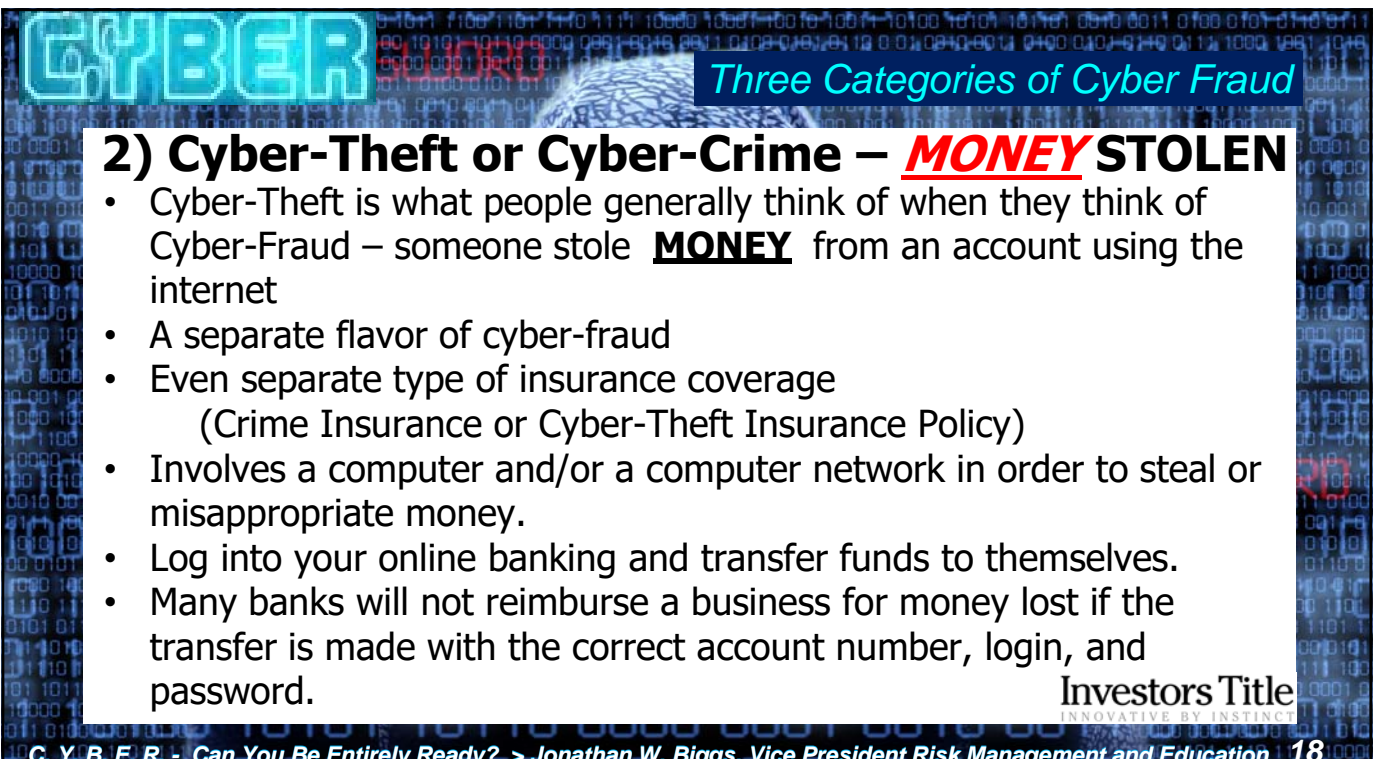
1) Cyber-Breach— **INFORMATION** STOLEN

The cyber-breach fraud can be perpetrated many ways, including the following:

- Gaining credentials (login and password) for access to a computer network that contains NPI;
- Intercepting un-encrypted or improperly encrypted communication containing NPI;
- Improper disposal of NPI;
- Sharing NPI with a source that is believed to be trusted (but is not); and
- Many more.

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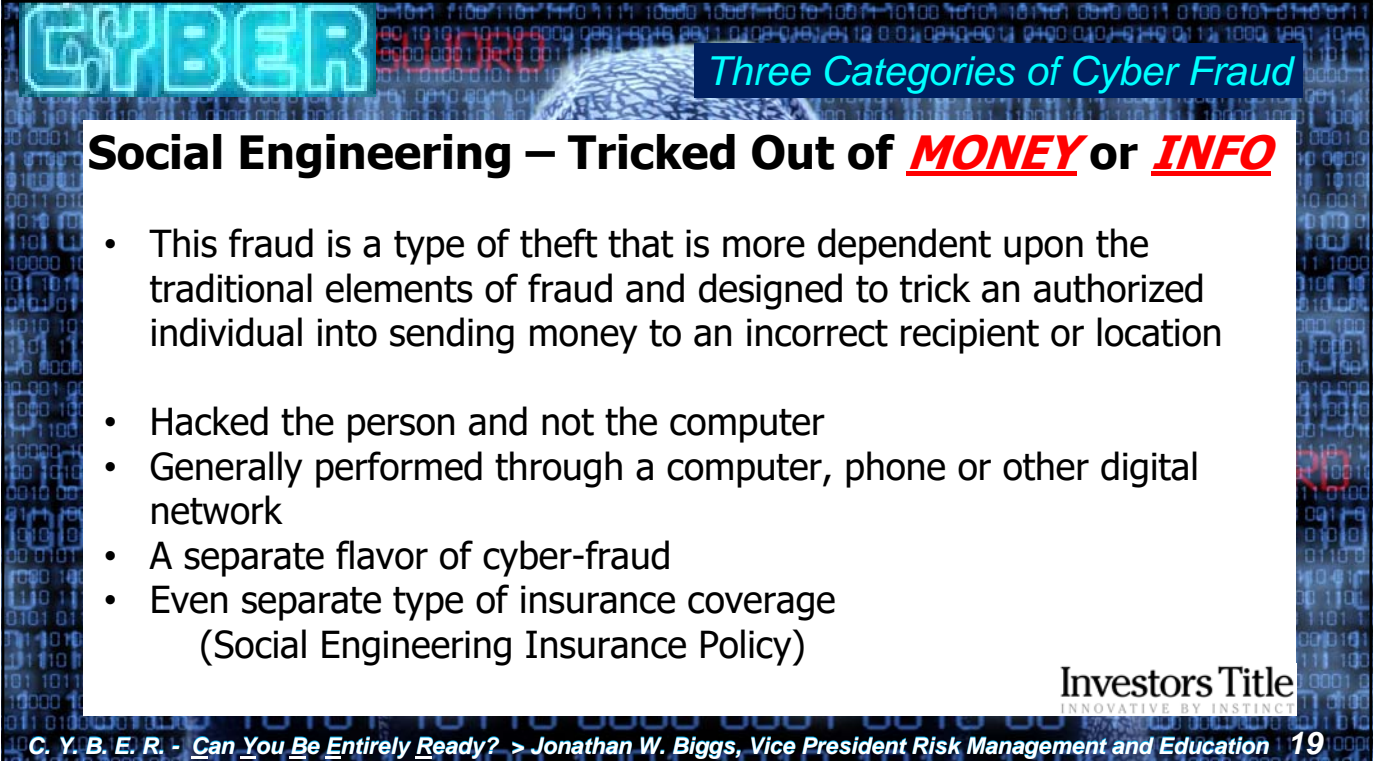
Three Categories of Cyber Fraud

2) Cyber-Theft or Cyber-Crime – **MONEY** STOLEN

- Cyber-Theft is what people generally think of when they think of Cyber-Fraud – someone stole **MONEY** from an account using the internet
- A separate flavor of cyber-fraud
- Even separate type of insurance coverage
(Crime Insurance or Cyber-Theft Insurance Policy)
- Involves a computer and/or a computer network in order to steal or misappropriate money.
- Log into your online banking and transfer funds to themselves.
- Many banks will not reimburse a business for money lost if the transfer is made with the correct account number, login, and password.

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Three Categories of Cyber Fraud

Social Engineering – Tricked Out of **MONEY** or **INFO**

- This fraud is a type of theft that is more dependent upon the traditional elements of fraud and designed to trick an authorized individual into sending money to an incorrect recipient or location
- Hacked the person and not the computer
- Generally performed through a computer, phone or other digital network
- A separate flavor of cyber-fraud
- Even separate type of insurance coverage
(Social Engineering Insurance Policy)

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CYBER BREACH AND DATA BREACH

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Non-Public Personal Information Definition

Personally identifiable information or data such as information provided by a customer on a form or application, information about a consumer's transactions, or any other information about a consumer which is otherwise unavailable to the general public. NPI includes first name or first initial and last name coupled with any of the following:

- Social Security Number
- Driver's License Number
- State-issued ID Number
- Credit Card Number
- Debit Card Number; or
- Other Financial Account Numbers

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C. Y. B. E. R.

Can

You

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Ready ?

~~Not Really~~

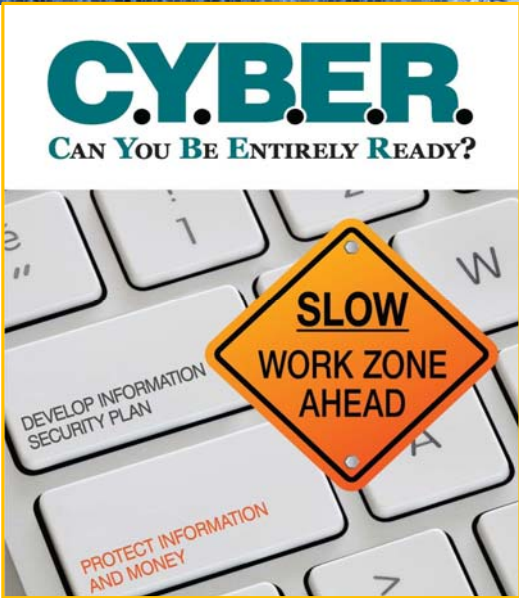
NO!

But Try Anyway!

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CYBER.
CAN YOU BE ENTIRELY READY?

Guide to Setting Up Your Information Security Plan

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Protections to Put in Place To Protect NPI

- 1. Risk Assessment**
- 2. Access Limited To Authorized Personnel Only**
- 3. Implement Wire Security Policy**
- 4. Implement Physical Security of NPI**
- 5. Implement Digital and Electronic Security aka Network Security**
- 6. Insure Proper Disposal and Decommissioning of NPI**
- 7. Disaster Management Plan**
- 8. Oversight of Service Providers Handling NPI**

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Can You Be Entirely Ready?

1. Risk Assessment

Take an honest, deep look at every aspects of your business

- Front door lock
- File storage
- Network security
- Clientele
- Employees

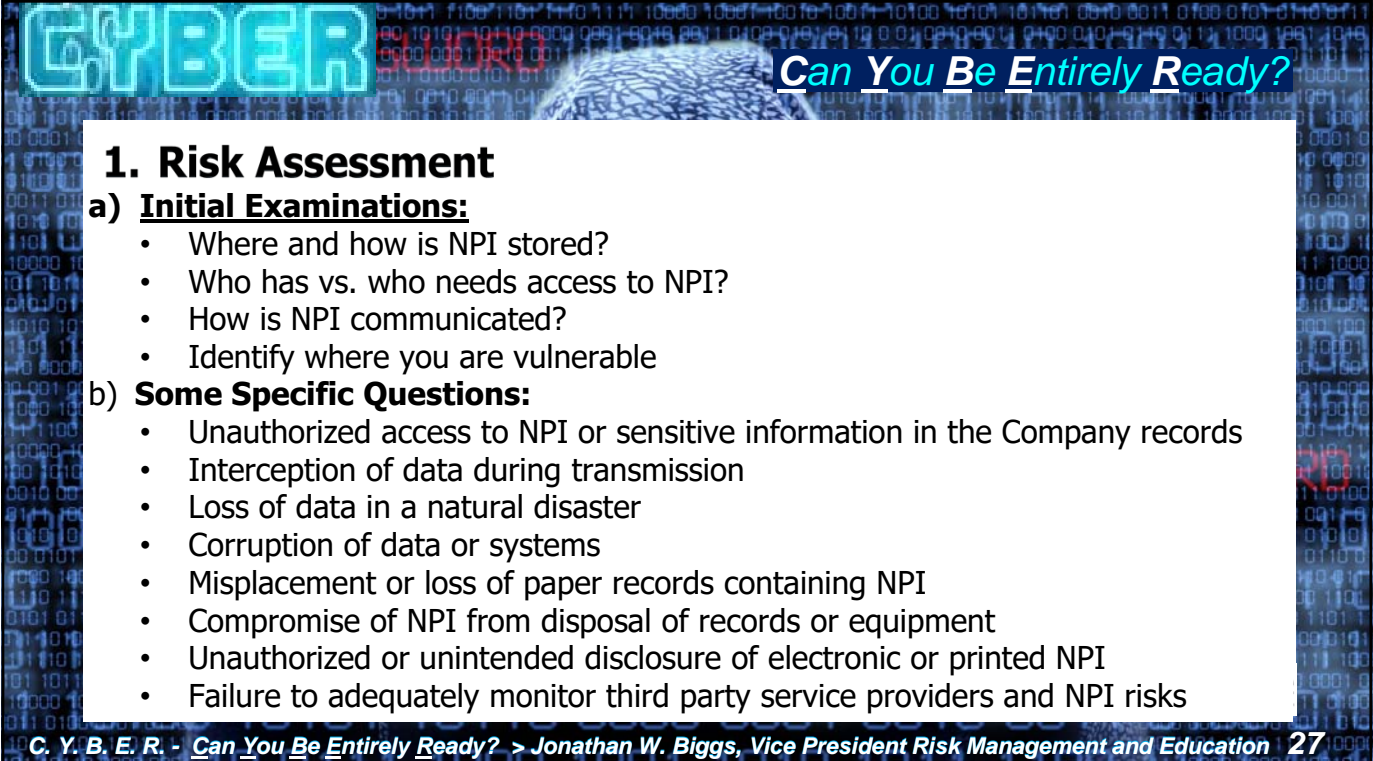
to evaluate what risk are present that could stop you from doing business tomorrow

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Can You Be Entirely Ready?

1. Risk Assessment

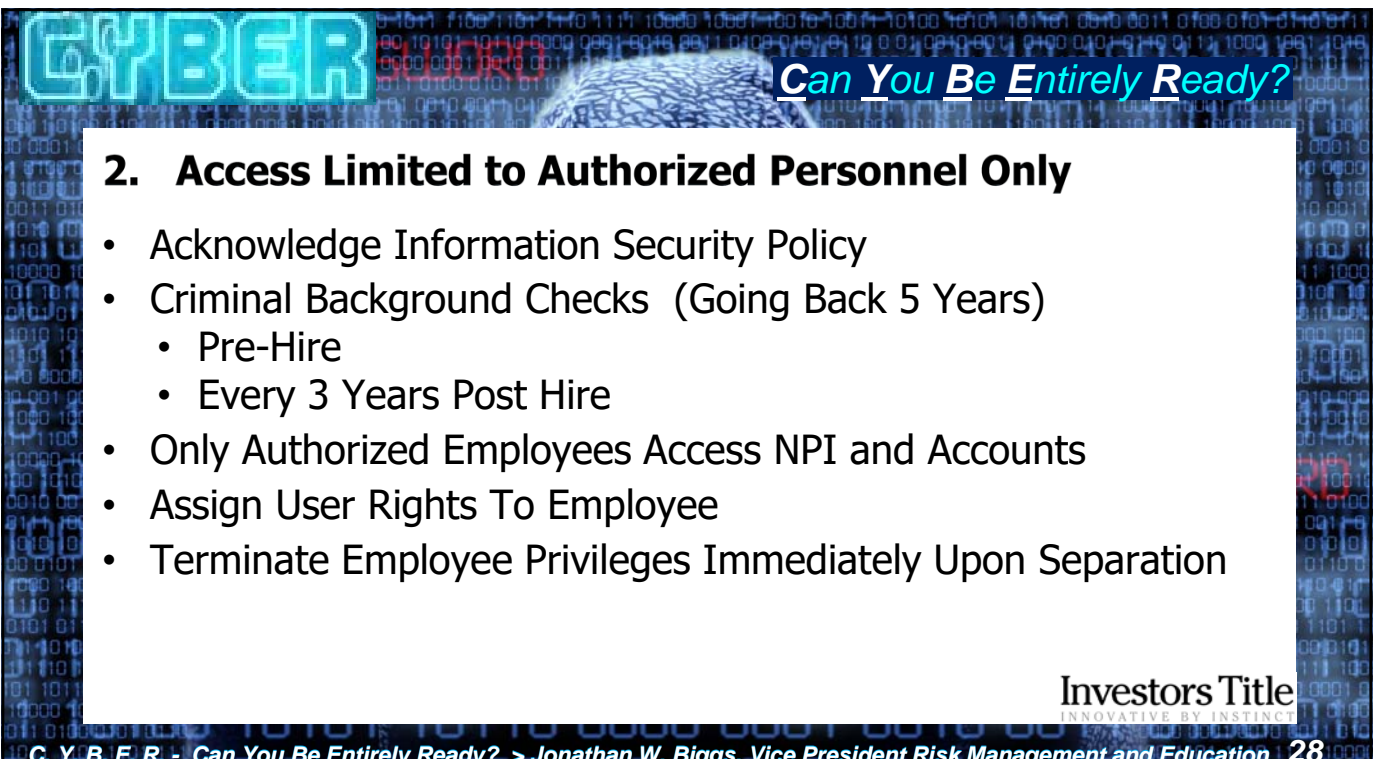
a) **Initial Examinations:**

- Where and how is NPI stored?
- Who has vs. who needs access to NPI?
- How is NPI communicated?
- Identify where you are vulnerable

b) **Some Specific Questions:**

- Unauthorized access to NPI or sensitive information in the Company records
- Interception of data during transmission
- Loss of data in a natural disaster
- Corruption of data or systems
- Misplacement or loss of paper records containing NPI
- Compromise of NPI from disposal of records or equipment
- Unauthorized or unintended disclosure of electronic or printed NPI
- Failure to adequately monitor third party service providers and NPI risks

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2. Access Limited to Authorized Personnel Only

- Acknowledge Information Security Policy
- Criminal Background Checks (Going Back 5 Years)
 - Pre-Hire
 - Every 3 Years Post Hire
- Only Authorized Employees Access NPI and Accounts
- Assign User Rights To Employee
- Terminate Employee Privileges Immediately Upon Separation

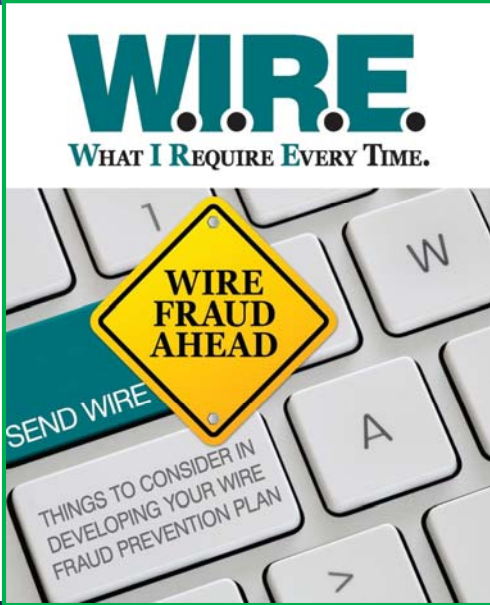
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3. Implement Wire Security Policy

- Investors has another brochure to help you set up your wire security policy
- More on this later



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5. Implement Physical Security of NPI

- Clean Desk Policy
 - Keep paper files closed during the day, when not being used, and secured at night
- Implement written Privacy Policy
- Employee access to NPI
- Physical/Location Security
 - Secure points of entry to building and computers
- Computers should have auto- locking screen savers
- Removable Media

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4. Implement Digital & Electronic Security (Network Security)

- **Digital Security** - Updated Systems, including OS security updates
- **Backup Data** - Performed Daily & Stored in a Secure Offsite Location.
- **Internet Security** - Antivirus, Anti- Malware, Firewalls Anti-Spyware
- **Password Policy**
 - Strong Passwords
 - At least 8 Characters Long
 - Upper case, Lower case, Number & Special Character
 - Changed At Least Every 3 Months
- **Encrypted Email** – Use it

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5. Implement Digital & Electronic Security (Network Security)

The Secret Number is:

4

POST CARD
THIS SPACE FOR ADDRESS ONLY

U Ben Took
1 Unprotected Lane
Vulnerableville, NC
Unsuspecting Suckers
Of America

POSTAGE
ONE PENNY

Always Encrypt Email Containing Sensitive Information

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6. Insure Proper Disposal & Decommissioning of NPI

- Shred or Burn Paper & Files Containing NPI
- Computers and Digital Devices Containing NPI



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7. Disaster Management Plan

- Create an Information Systems Disaster Recovery Plan
- Protect Against:
 - *Interruption To Business*
 - *Hardware Failures*
 - *Software Failures*
 - *Environmental Events*
 - *Theft*

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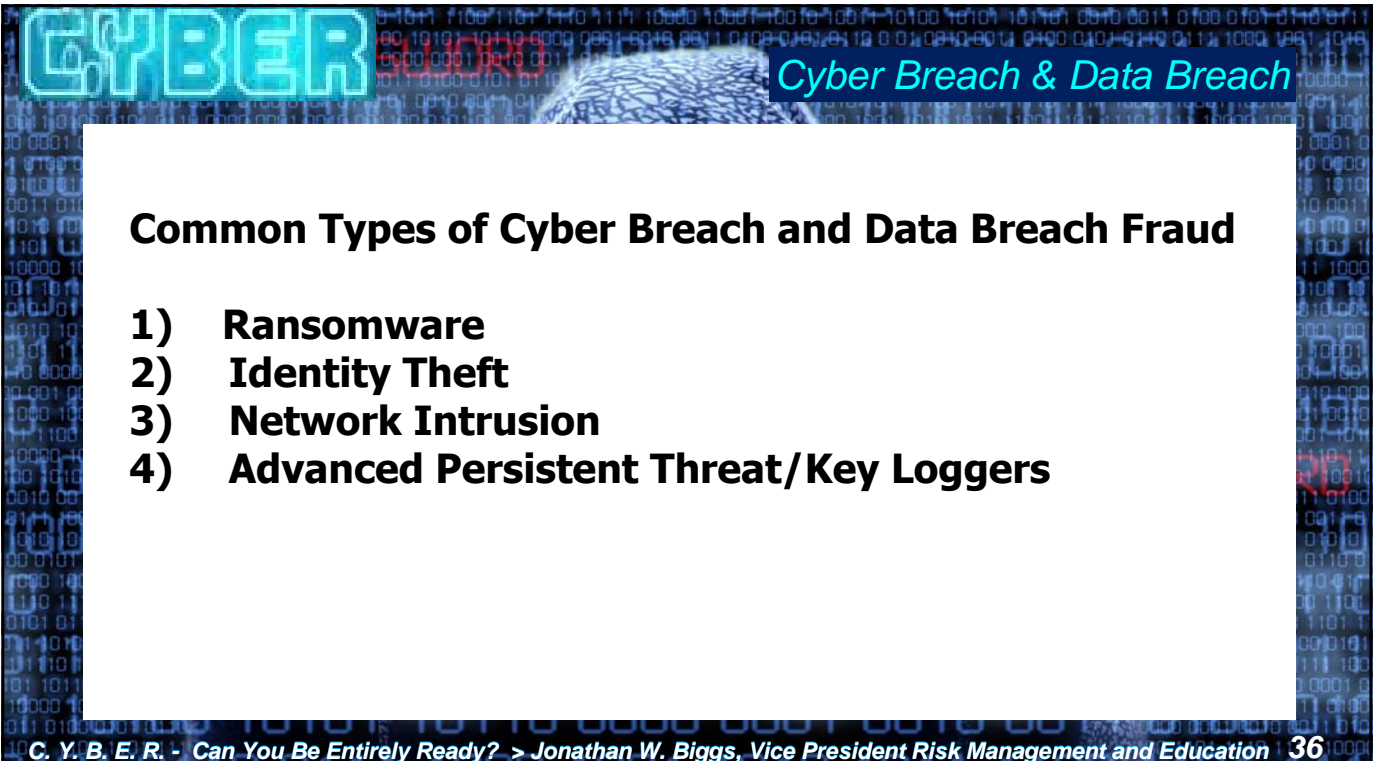
8. Oversight of Service Providers Handling NPI

Types of Third Party Service Providers

- Independent Searchers
- Couriers
- Janitorial Service
- Alarm Company
- HVAC, Plumbing, Electrical
- Off Site Storage
- **IT Professionals**

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Cyber Breach & Data Breach

Common Types of Cyber Breach and Data Breach Fraud

- 1) **Ransomware**
- 2) **Identity Theft**
- 3) **Network Intrusion**
- 4) **Advanced Persistent Threat/Key Loggers**

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CYBER BREACH & DATA BREACH

1) Ransomware

Prevents or limits users from accessing their system

There are two primary types:

- 1) Encrypting Ransomware**
 - Incorporates advanced encryption algorithms.
 - Designed to block system files and demand payment to provide the victim with the key that can decrypt the blocked content.
- 2) Locker Ransomware**
 - Locks the victim out of the operating system, making it impossible to access the desktop and any apps or files.
 - The files are not encrypted in this case, but the attackers still ask for a ransom to unlock the infected computer.



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YOUR COMPUTER HAS BEEN LOCKED!

This operating system is locked due to the violation of the federal laws of the United States of America! (Article 1, Section 8, Clause 8; Article 202; Article 210 of the Criminal Code of U.S.A. provides for a deprivation of liberty for four to twelve years.)



**We Caught You
Red Handed!
You Must Pay
the Fine!**



You must pay the fine through MoneyPak:
To pay the fine, you should enter the digits resulting code, which is located on the back of your MoneyPak, in the payment form and press OK (if you have several codes, enter them one after the other and press

MoneyPak
Where I can buy MoneyPak?
RITE AID
K CVS pharmacy
7-Eleven

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Your Personal File Are Encrypted!

Your important files **encryption** produced on this computer: photos, videos, documents, etc. [Here](#) is a complete list of encrypted files, and you can personally verify this.

Encryption was produced using a **unique** public key **RSA-2048** generated for this computer. To decrypt files you need to obtain the **private key**.

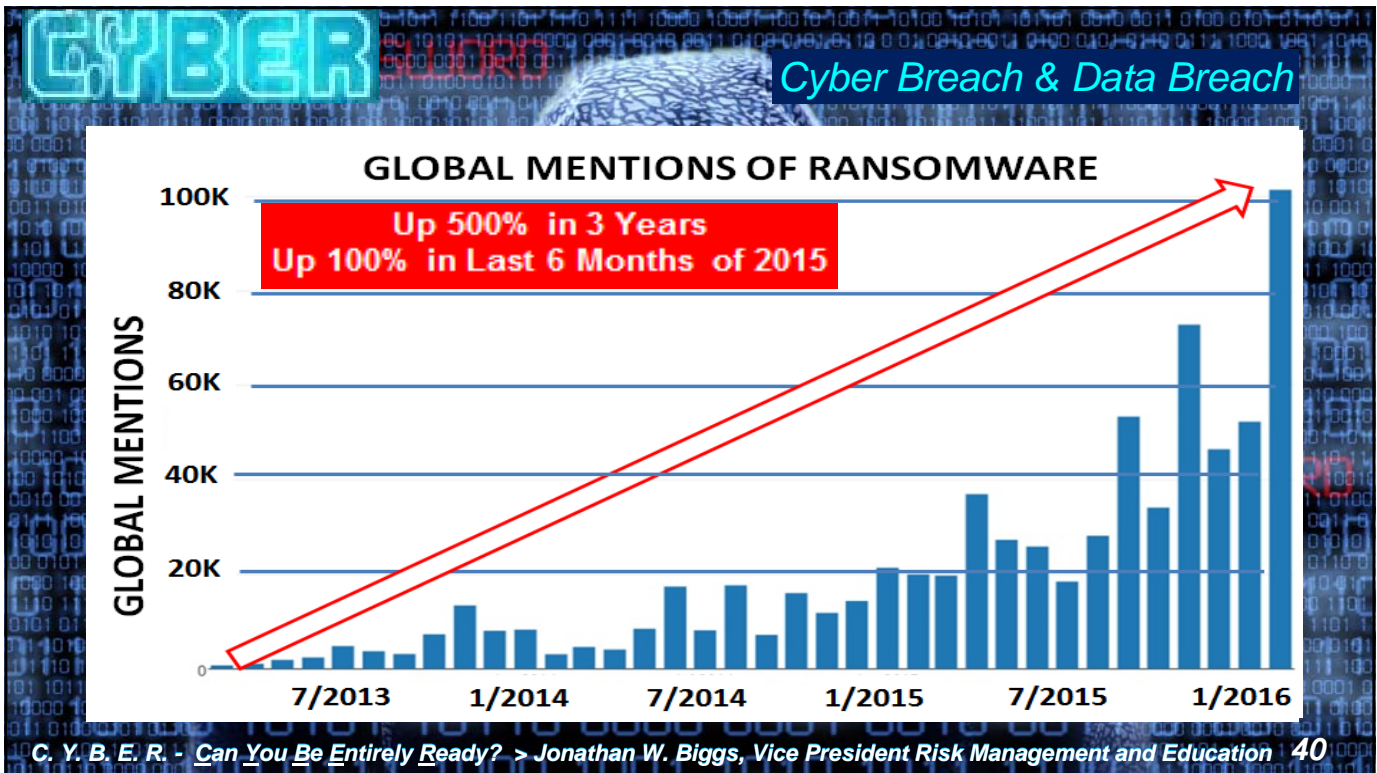
The **single copy** of the private key, which will allow you to decrypt the files, located on a secret server on the Internet; the server will **destroy** the key after a time specified in this window. After that, **nobody and never will be able** to restore files.

To **obtain** the private key for this computer, which will automatically decrypt files, you need to pay **100 USD / 100 EUR / similar amount in another currency**.

Click «Next» to select the method of payment and the currency.

Any attempt to remove or damage this software will lead to the immediate destruction of the private key by the server

Time Remaining 54 : 15 : 15





CYBER Cyber Breach & Data Breach

Who Pays Ransom & How Much?

- **OVER 70%** of infected businesses **PAY THE RANSOM**
- **OVER 50%** of infected businesses paid between \$10K - \$40K
- Ransom for home users generally between \$200 - \$10,000

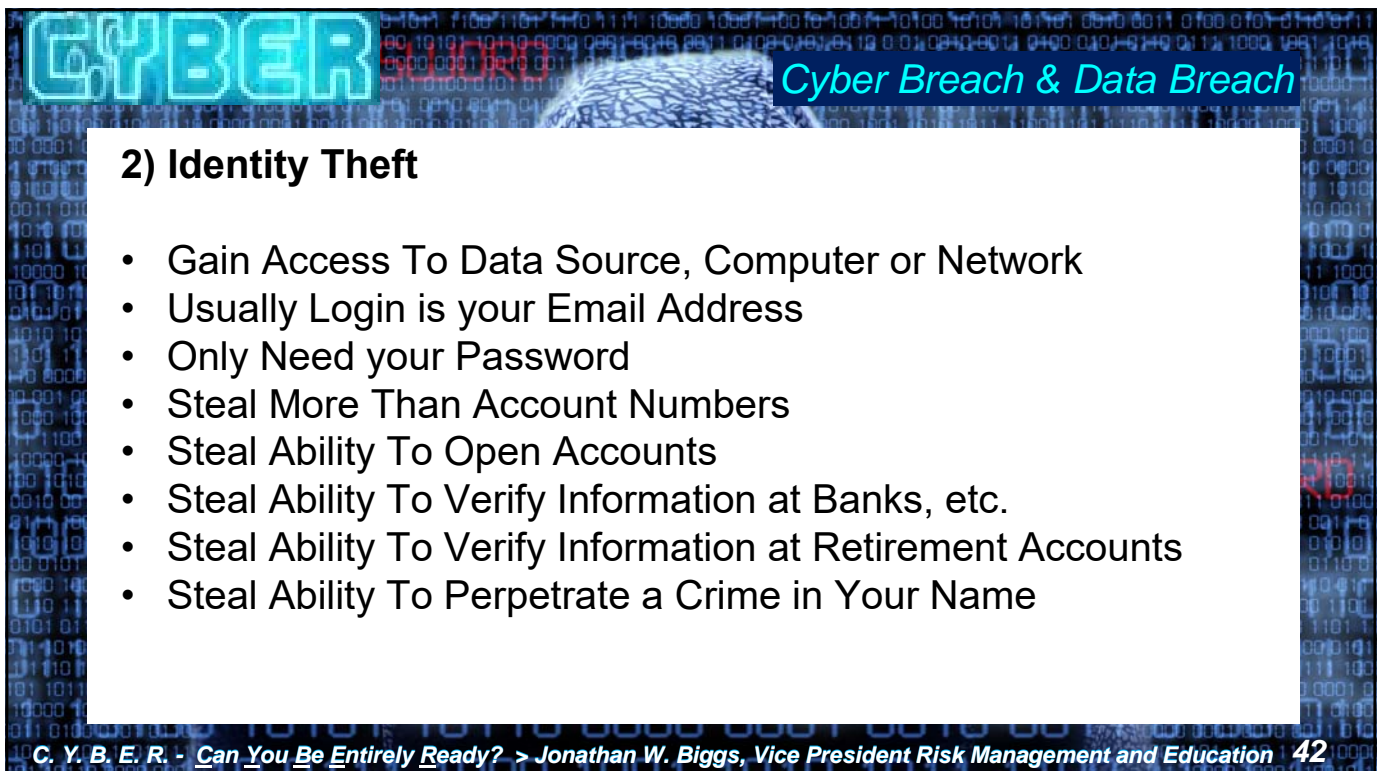
Who Recovered Their Data?

- **ONLY 42%** of Ransomware victims recover their data
- **ONLY 25%** of **PAYING** victims recover their data

How is Ransomware Deployed?

- **97%** of Ransomware is delivered by Phishing Emails

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CYBER Cyber Breach & Data Breach

2) Identity Theft

- Gain Access To Data Source, Computer or Network
- Usually Login is your Email Address
- Only Need your Password
- Steal More Than Account Numbers
- Steal Ability To Open Accounts
- Steal Ability To Verify Information at Banks, etc.
- Steal Ability To Verify Information at Retirement Accounts
- Steal Ability To Perpetrate a Crime in Your Name

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CYBER-FRAUD GOLD MINE

Spouse's Name
Kids' Names
Parents' Names
Relationship
Favorite Food
Vacation Spots
Hometown
Your Birthday
Family Birthdays



Employment
Pets' Names
Your Schools
Kids' Schools
Hospital Visits
Dentist & Doctor
Success Stories
Life's Tragedies
& Rest of Your Life

- 1.6 +/- Billion Social Network Users Worldwide
- 64% of Internet Users Access Social Media Online
- **EVERY DAY** more than 600,000 Facebook accounts are compromised

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Cyber Breach & Data Breach

Universal Loan Application Fannie Mae 1003 Freddie Mac 65

1. Deal Specific Information
2. Borrower Information
3. Employment Information
4. Income Information
5. Assets & Liabilities Info
6. Net Worth Information
7. (Total) Real Estate Info
8. Transaction Details
9. Borrower Declarations
10. Borrower Affirmation & Sigs
11. Additional Liabilities

Uniform Residential Loan Application

This application is designed to be completed by the applicant. The lender's underwriting department should complete this form. "Borrower" or "Co-Borrower" are applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower are being used to qualify for the loan. The lender will not be held liable for the income or assets of the Borrower's spouse or other persons who are community property rights subject to state law and will not be held liable for the income or assets of a community property estate. The security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below).

I. TYPE OF MORTGAGE AND TERMS OF LOAN

Borrower: Reverse Other (specify) _____

Mortgage: 1st 2nd Other (specify) _____

Applied for: FHA USDA/Rural Housing Service Other (specify) _____ Agency Case Number: _____ Lender Case Number: _____

Amount: \$ _____ Interest Rate: _____ Rate of Months: _____ Amortization: Fixed Rate Other (specify) _____

Type: ARM Other (specify) _____

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Property Address (street, city, state, & ZIP): _____ No. of Units: _____

Legal Description of Subject Property (other description if necessary): _____ Year Built: _____

Purpose of Loan: Purchase Construction Other (specify) _____ Property will be: New Existing

Refinance Construction/Refinance Reverse Recast Second Third Other (specify) _____

Complete this box if construction or construction-permanent loan. Year of Construction: _____

Complete this box if this is a refinance loan. Year of Refinance: _____

III. BORROWER INFORMATION

Borrower's Name (Borrower & Co-Borrower): _____

IV. EMPLOYMENT INFORMATION

Borrower: Name & Address of Employer: _____ Self Employed: Yes, on this job No, on this job Yes, employed in the past year of work/retirement No, not employed in the past year of work/retirement

Position/Type of Business: _____ Business Phone (incl. area code): _____

Co-Borrower: Name & Address of Employer: _____ Self Employed: Yes, on this job No, on this job Yes, employed in the past year of work/retirement No, not employed in the past year of work/retirement

Position/Type of Business: _____ Business Phone (incl. area code): _____

Uniform Residential Loan Application
Fannie Mae Form 65 - 788 (rev. 8/09)
One Way, Inc. Page 1 of 4 Fannie Mae Form 1003 788 (rev. 8/09) (UBA - 0711) (UBA) (07/11)

CYBER Cyber Breach & Data Breach

3) Network Intrusion

Microsoft Security Essentials

Attention

Microsoft Security Essentials detected 1 potential threat and suspended it.

Click 'Clean computer' to remove this threat.

[Show details](#) [Clean computer](#)

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CYBER Cyber Breach & Data Breach

4) Advanced Persistent Threat/Key Loggers

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C:\Program Files\PyKeylogger\logs\detailed_log\Keylogger-software-logfile-example.txt - Notepad++

```

1 20100326|1239|C:\WINDOWS\Explorer.EXE|327786|SoftwareInstall|Run| Commando in run window
2 20100326|1239|C:\WINDOWS\Explorer.EXE|393322|SoftwareInstall|Run|https
  ://www.gmail.com[KeyName:Return]
3 20100326|1240|C:\Program Files\Mozilla
  Firefox\firefox.exe|262710|SoftwareInstall|Private Browsing - Mozilla Firefox (Private
  Browsing)|https ://www.g[BS]gmail.com[KeyName:Return]
4 20100326|1240|C:\Program Files\Mozilla Firefox\firefox.exe|262710|SoftwareInstall|Gmail:
  Email from Google - Mozilla Firefox (Private Browsing)|accounts Do Not Tell !
5 20100326|1241|C:\Program Files\Mozilla Firefox\firefox.exe|262710|SoftwareInstall|Gmail
  - Compose Mail - accountsn@gmail.com - Mozilla Firefox (Private Browsing)| Hello John
  [KeyName:Home] Dealer Room @wallstreettrade.com Confidential email Hello,
  [BS]BS John, [KeyName:Return] [KeyName:Return] Please[BS]BS use buy 1000 stock shares of our
  company. [KeyName:Return] Don't tell[BS] anyone [BS], because it will influence the sto
6 20100326|1242|C:\Program Files\Mozilla Firefox\firefox.exe|262710|SoftwareInstall|Gmail
  - Compose Mail - accountsn@gmail.com - Mozilla Firefox (Private
  Browsing)|ck. [KeyName:Return] And ofcourse it is illegal to trade stock with pre
  knowledge ;_0[BS]BS :- ) [KeyName:Return] Use my credit card number
  : [KeyName:Return] 1234 5678 9123 4567 [KeyName:Return] wich [BS]
7 20100326|1243|C:\Program Files\Mozilla Firefox\firefox.exe|262710|SoftwareInstall|Gmail
  - Compose Mail - accountsn@gmail.com - Mozilla Firefox (Private Browsing)| [BS]BSBS high
  expires 10/10. [KeyName:Return] The card security code on the back is :
  123. [KeyName:Return] [KeyName:Return] Thanks, [KeyName:Return] Bob
8 20100326|1243|C:\Program Files\Mozilla
  Firefox\firefox.exe|262710|SoftwareInstall|Mozilla Firefox (Private
  Browsing)| www.playboy.com[KeyName:Return]

```

Nor 1848 chars 1866 bytes 10 lines Ln: 4 Col: 1 Sel: 0 (0 bytes) in 0 ranges Dos\Windows ANSI INS

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CYBER

Cyber Breach & Data Breach

Why Is It Soooooo Effective?

- Most home users do **not** have even baseline cyber security
- Most users do **not** have cyber security education or ignore it
- Most users have sensitive / irreplaceable data on their PC
- Most users do **not** back up regularly or at all
- Most users do **not** update their software when available
- Most users **rely on PURE LUCK** to be safe online
- Most users feel useless without their computer
- Many offices have a "Bring Your Own Device Policy" and the home user's problems become the company's problems
- The human factor is a huge weakness for any computer
- The internet is a "target rich environment" for victims
- Most users would rather pay than admit to being duped.

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FAST.
FAST ACTION STOPS THEFT

F.A.S.T.

- Response Team
- Response Plan
- Follow the Plan

Fast
Action
Stops
Theft

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Many Attorney's Existing Cyber-Fraud Response Plan

1. Discover Breach or Loss
2. Panic, Curse & Throw Things
3. Cry
4. Call The Bank
5. Cry Again
6. Deny
7. Write a Big Check
8. Curse Again
9. Lose Sleep
10. Go To Dental School

They Need A New Plan!

Fast **A**ction **S**tops **T**heft!



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CYBER

Fast Action Stops Theft

Steps in Cyber Fraud Response Plan

1. Alert the Cyber Fraud Response Team
2. Alert All Internal Employees
3. Take Computers OFF-Line (Do Not Turn Them Off)
4. ALERT BANK – “**Letter of Instruction**”
5. File a Report with FBI Internet Crime Complaint Center (IC3.gov)
6. Secure Your Office and Network
7. Document Specifics of the Breach or Loss
8. Contact Cyber Fraud Insurance Carrier
9. Contact Your Errors & Omissions Carrier
10. Contact Law Enforcement (Local & State)
11. Contact State Bar
12. Contact Title Insurance Underwriters
13. Follow Laws Regarding Notification
14. Review and Update Your Cyber Fraud Response Plan

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FAST. FAST ACTION STOPS THEFT.

RESPONSE PLAN DOCUMENTATION

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STEP #1 – DO NOT PANIC

STEP #2 – Alert Internal Cyber Crime Response Team

Name	Phone	Email	Name	Phone	Email
1) _____	_____	_____	4) _____	_____	_____
2) _____	_____	_____	5) _____	_____	_____
3) _____	_____	_____	6) _____	_____	_____

Date: _____ Time: _____

STEP #3 – Contact Bank(s) (Include Central Fraud Departments and Your Local Branch)

Bank	Contact Name	Phone	Email	Last 4 of Account #	Date Contacted
1) _____	_____	_____	_____	_____	_____
2) _____	_____	_____	_____	_____	_____
3) _____	_____	_____	_____	_____	_____
4) _____	_____	_____	_____	_____	_____

CONTACT ALL OF YOUR BANKS – NOT ONLY FOR FINANCIAL LOSSES!
You do not yet know how invasive the breach/loss may be.

Date: _____ Time: _____

STEP #4 – File Report with IC3.gov – Internet Crime Complaint Center – FBI

- Complete the Attached Document Prior to Filing Report
- Print and Keep Copy of Compliant Filed

Date: _____ Time: _____

STEP #5 – Secure Your Office and Your Network

- Secure the Physical Premises ; Secure Digital Devices; Preserve Evidence; Stop Additional Loss
- Take Affected Machines Offline (but DO NOT TURN OFF) until forensics / IT has completed their investigation

STEP #6 – Document Specifics of Breach/Loss

- Complete the Attached Document
- Include ITIC W.I.R.E. Checklist, if a fraud involves a wire

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**KEEP
CALM
AND
FOLLOW
THE PLAN**

Follow All Steps Thoroughly!

CYBER

Fast Action Stops Theft

Funds Lost Are Tough To Recover

- **68%** of Funds Lost as a Result of a Cyber Attack Are Declared **Unrecoverable**
- Must Act Quickly to Contact Bank and Authorities
**LETTER OF INSTRUCTION
FROM WIRING BANK TO RECIPIENT BANK**
- If within 24 Hours, then up to **70%** chance to recover
- If within 48 Hours, then only **25%** chance to recover
- If Over 48 Hours, then money is usually overseas

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Social Engineering Defined

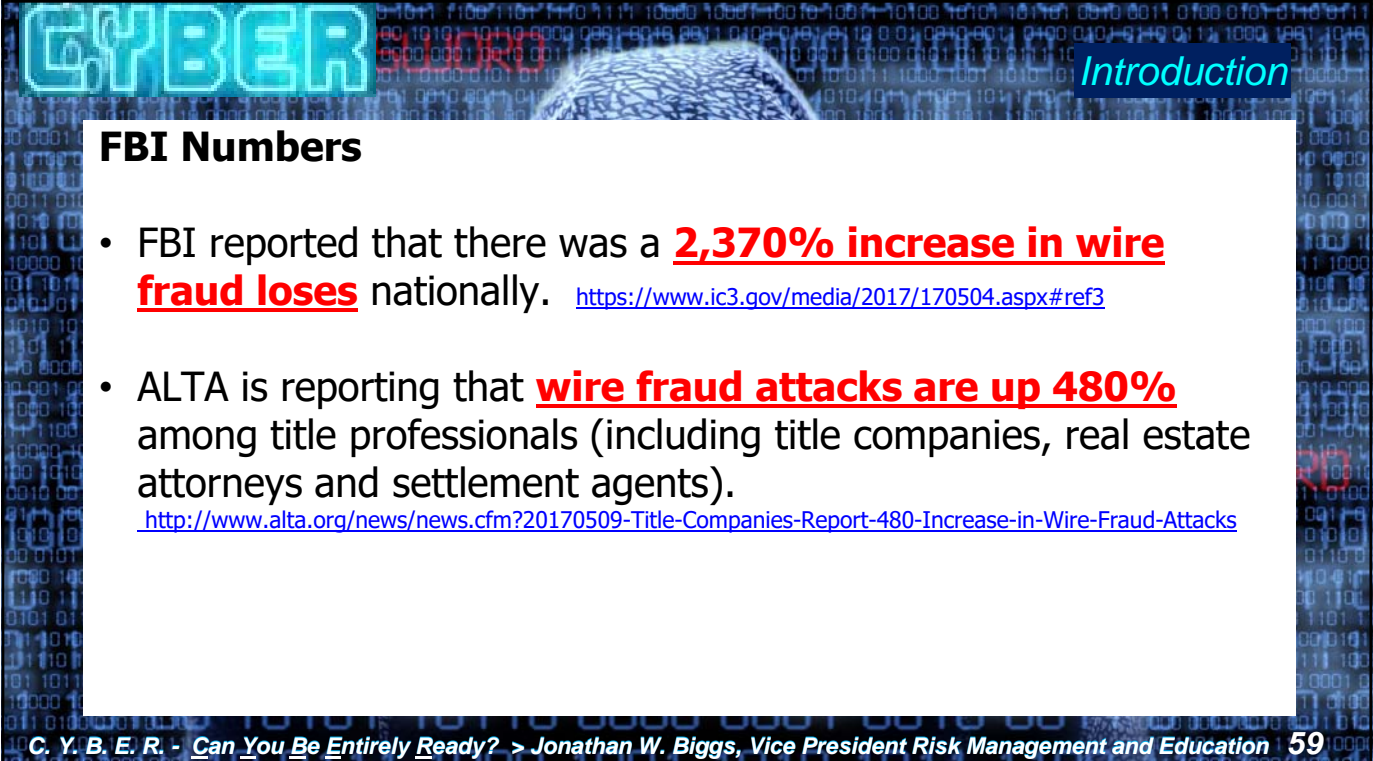
- 1) Social engineering is the art of manipulating people so they give up confidential information. (passwords or bank info)
- 2) The Fraudster "hacks an individual" and not necessarily the computer.

P-I-C-N-I-C.

- 3) Usually begins with the digital compromise of the computer or email of a person involved in the transaction.
- 4) Fraudsters use social engineering it is usually easier to exploit your natural trusting nature than hack your system.

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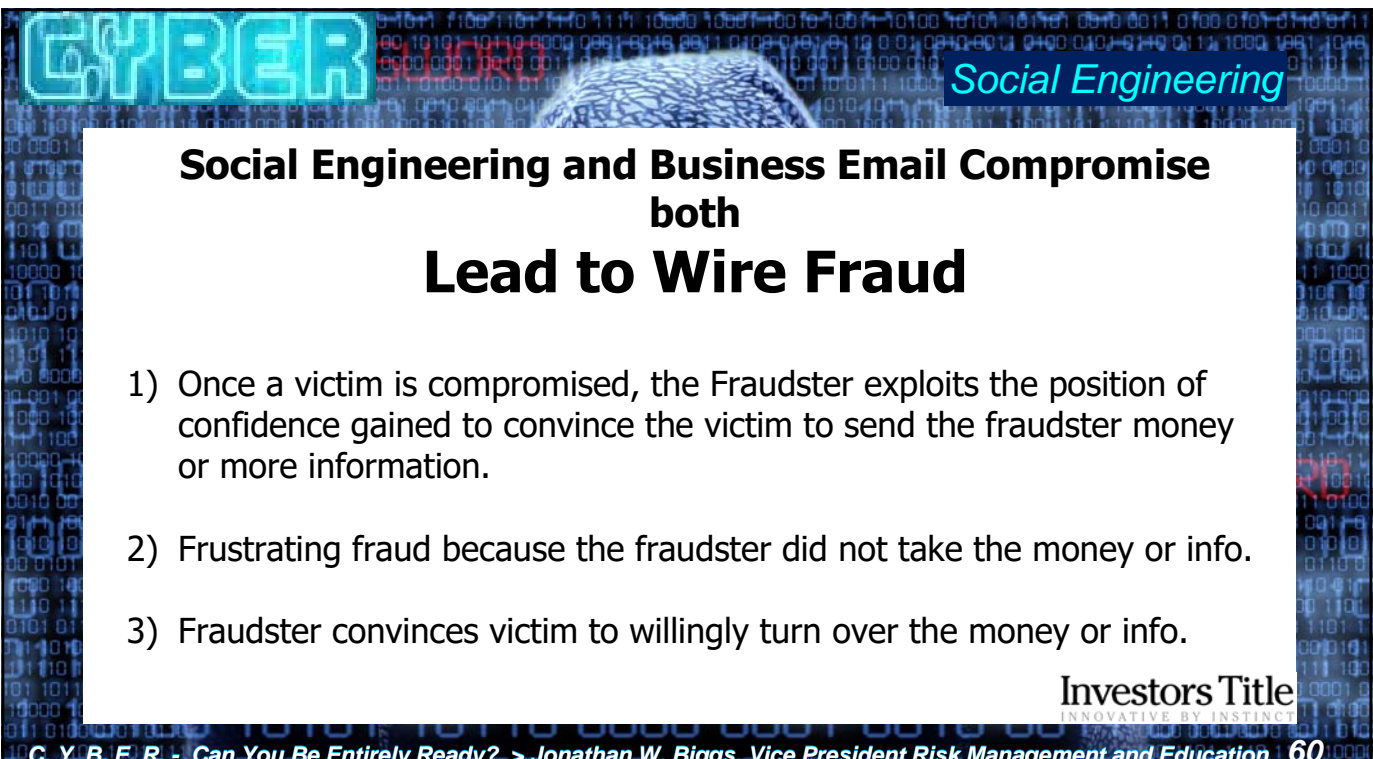


Introduction

FBI Numbers

- FBI reported that there was a **2,370% increase in wire fraud losses** nationally. <https://www.ic3.gov/media/2017/170504.aspx#ref3>
- ALTA is reporting that **wire fraud attacks are up 480%** among title professionals (including title companies, real estate attorneys and settlement agents).
<http://www.alta.org/news/news.cfm?20170509-Title-Companies-Report-480-Increase-in-Wire-Fraud-Attacks>

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Social Engineering

Social Engineering and Business Email Compromise both Lead to Wire Fraud

- 1) Once a victim is compromised, the Fraudster exploits the position of confidence gained to convince the victim to send the fraudster money or more information.
- 2) Frustrating fraud because the fraudster did not take the money or info.
- 3) Fraudster convinces victim to willingly turn over the money or info.

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Red Flags of Social Engineering Fraud & BEC

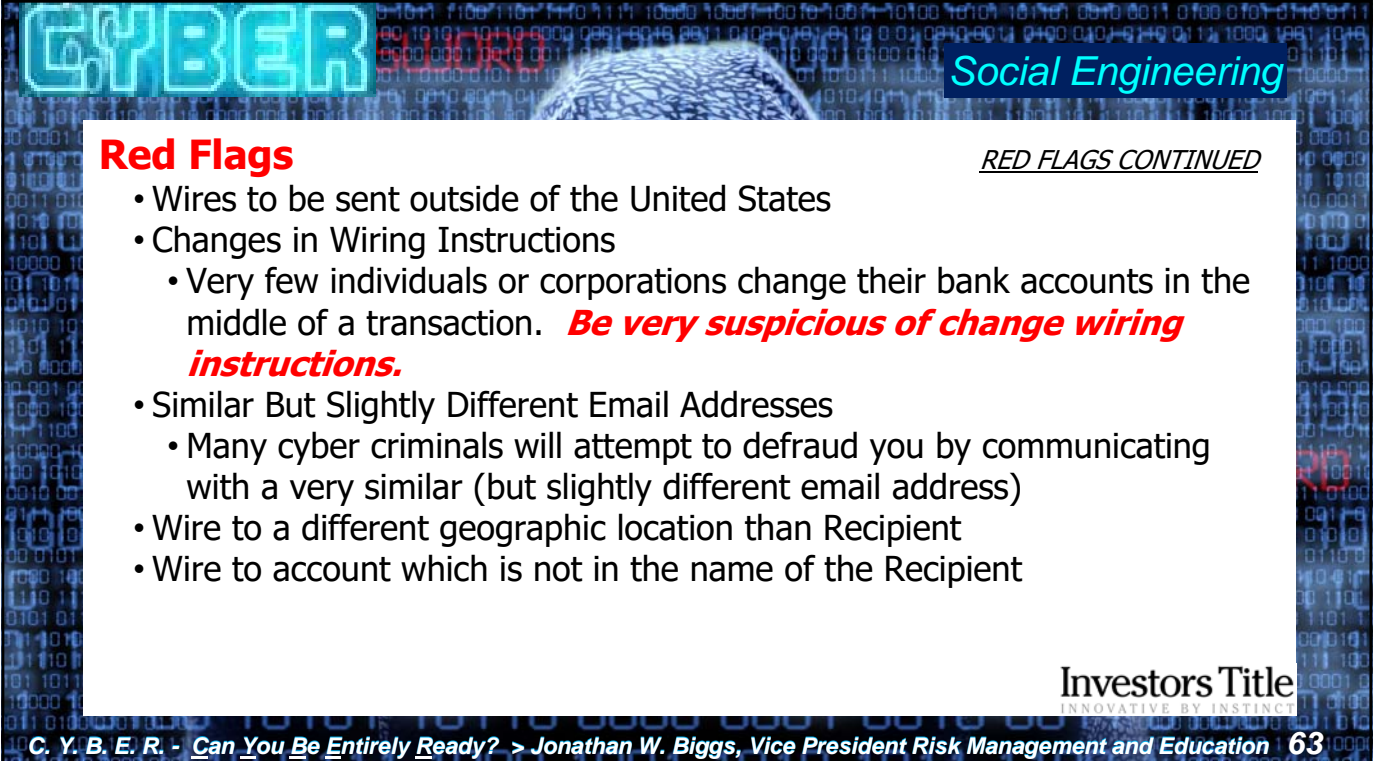
Red Flags

- “Red Flags” are not absolute rules
- An indication that there may be something out of order
- There may be reasons for the “Red Flag”
- Upon proper investigation, may be very legitimate.
- Should look out for the following and investigate each instance of a “Red Flag” when they are discovered.

Below is not an "all inclusive" list, but rather some of the more prevalent "Red Flags."

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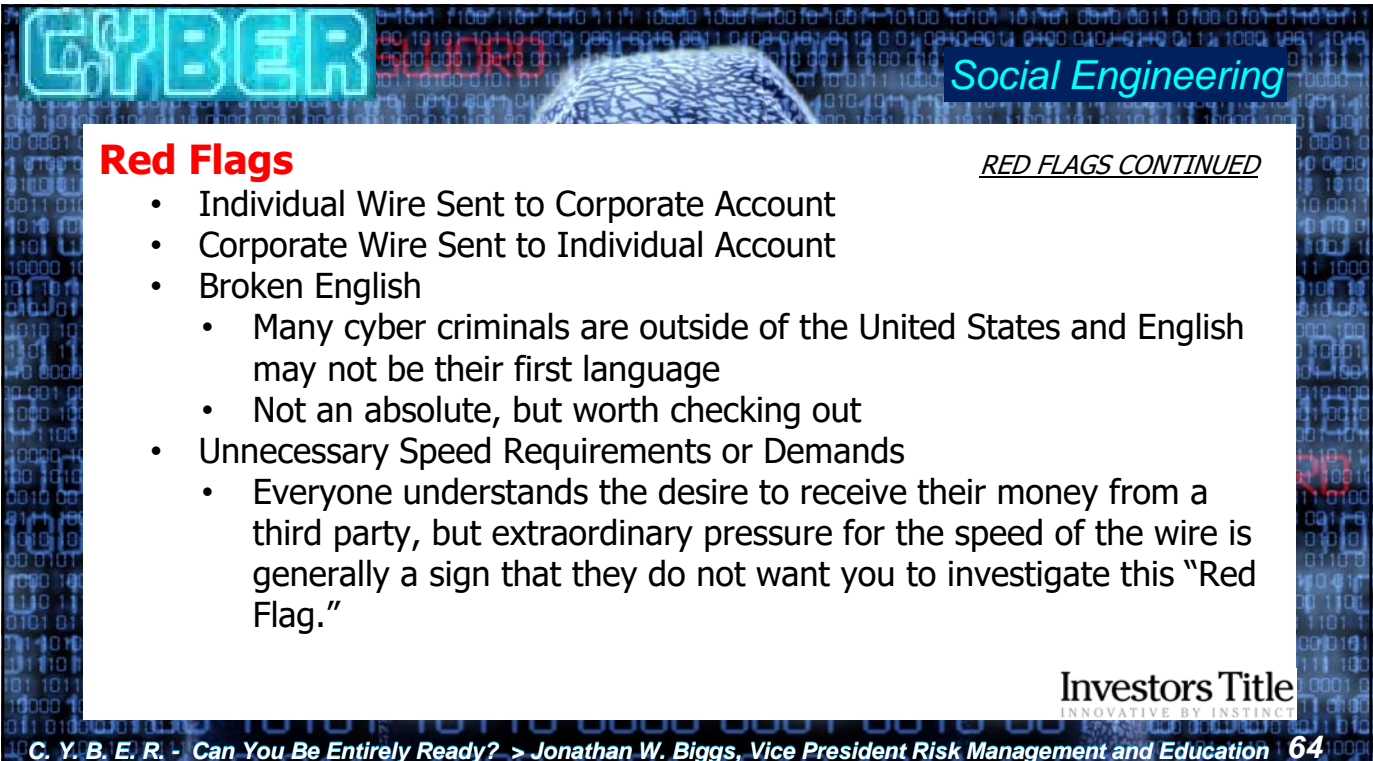
CYBER **Social Engineering**

Red Flags *RED FLAGS CONTINUED*

- Wires to be sent outside of the United States
- Changes in Wiring Instructions
 - Very few individuals or corporations change their bank accounts in the middle of a transaction. ***Be very suspicious of change wiring instructions.***
- Similar But Slightly Different Email Addresses
 - Many cyber criminals will attempt to defraud you by communicating with a very similar (but slightly different email address)
- Wire to a different geographic location than Recipient
- Wire to account which is not in the name of the Recipient

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CYBER **Social Engineering**

Red Flags *RED FLAGS CONTINUED*

- Individual Wire Sent to Corporate Account
- Corporate Wire Sent to Individual Account
- Broken English
 - Many cyber criminals are outside of the United States and English may not be their first language
 - Not an absolute, but worth checking out
- Unnecessary Speed Requirements or Demands
 - Everyone understands the desire to receive their money from a third party, but extraordinary pressure for the speed of the wire is generally a sign that they do not want you to investigate this "Red Flag."

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CYBER **Social Engineering**

Be on the Look Out for Phishing Emails

Pretending To Be From:

- Banks
- IRS
- Credit Card Companies
- Ebay.com
- Amazon.com
- Paypal.com
- Mortgage Companies
- Social Media (Such as Facebook)



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Important Message
1 message

IGotYou@FailToHover.com **http://YouWishItWasWells.com**

Wells Fargo Online <alerts@notify.wellsfargo.com> Wed, Jun 17, 2015 at 11:25 PM

  wellsfargo.com 

Hover Over Links To See True Identity

Wells Fargo Online Banking is investigating an e-mail phishing scam that attempts to collect sensitive personal information. The email mimics communication members currently receive from Wells Fargo. Remember, we do not ask for personal or account information in an e-mail.

Due to system maintenance, all account holders are required to update their information

Sincerely,
Wells Fargo Customer Service **http://GiveMeYourPassword.com**

wellsfargo.com | [Update Your Account Here](#)

Please do not reply to this email directly. To ensure a prompt and secure response, sign on to email us.

0234CAFE5D5B0BF5E05400212...C044 

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CYBER Social Engineering

> Hi John

>

> Someone just used your password to try to sign in to your Google Account

> john.podesta@gmail.com.

>

> Details:

> Saturday, 19 March, 8:34:30 UTC

> IP Address: 134.249.139.239

> Location: Ukraine

>

> Google stopped this sign-in attempt. You should change your password

> immediately.

>

> CHANGE PASSWORD <<https://bit.ly/1PibSU0>>

>

> Best,

> The Gmail Team

> You received this mandatory email service announcement to update you about

> important changes to your Google product or account.

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CYBER Social Engineering

From: eryn.sepp@gmail.com

To: john.podesta@gmail.com

Date: 2015-02-19 00:35

Subject: 2 things

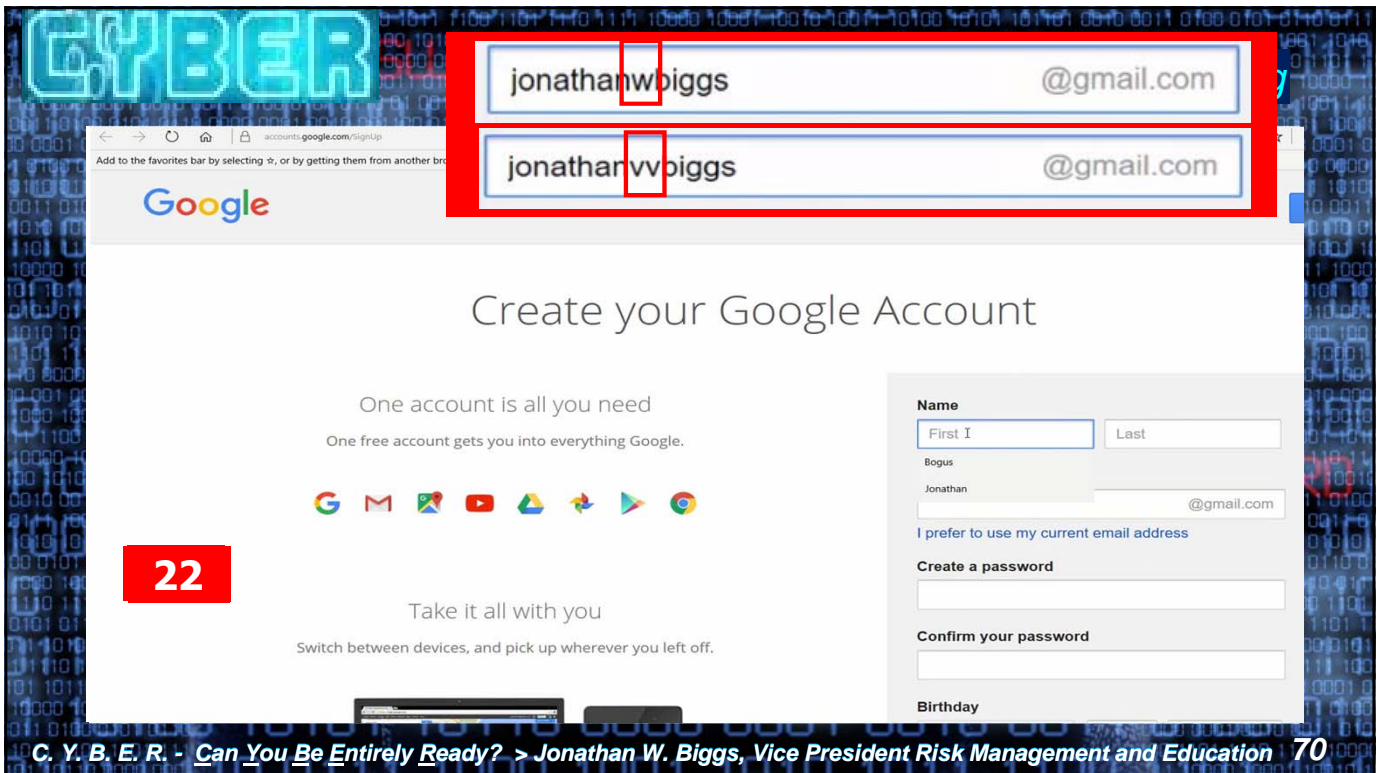
Though CAP is still having issues with my email and computer, yours is good to go.

[jpodesta](#)

[p@ssw0rd](#)

I warn you, the Windows 8 system is VERY different from what we had back at the WH. Might require a tutorial. It's an operating system that is best with touch screens, which we obviously don't have. If you need tech's help, they're at x5683. Otherwise, I can show you some tricks when I get in. I have it on my home computer, and it took a while to get used to completely.

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WIRE.
WHAT I REQUIRE EVERY TIME.

WIRE FRAUD AHEAD

SEND WIRE

THINGS TO CONSIDER IN DEVELOPING YOUR WIRE FRAUD PREVENTION PLAN

W. I. R. E. When you Wire

1. Proper Identification
2. Verbal Confirmation
3. Delivery Verification

What I Require Every Time

Investors Title
INNOVATIVE BY INSTINCT

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WIRE. WHAT I REQUIRE EVERY TIME. Proper Identification. Verbal Confirmation. Delivery Verification.

File Number: _____ Closing Date: ____/____/____ Buyer(s): _____ Seller(s): _____

INCOMING WIRE OUTGOING WIRE

<p>STEP 1: PROPER IDENTIFICATION</p> <p>Wire Instructions Sent to or Received from: _____</p> <p>Contact Name _____</p> <p>Party In Transaction</p> <p><input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Lender <input type="checkbox"/> Other _____</p> <p>Verified Contact Phone _____</p> <p>Encrypted Email _____</p> <p>Fax Number _____</p> <p><input type="checkbox"/> Date Instructions Sent ____/____/____</p> <p><input type="checkbox"/> Date Instructions Received ____/____/____</p> <p>Format of Delivery of Instructions</p> <p><input type="checkbox"/> Encrypted Email <input type="checkbox"/> Fax</p> <p><input type="checkbox"/> Mail/Overnight <input type="checkbox"/> Seller Docs/Affidavit</p> <p><input type="checkbox"/> Hand Delivery <input type="checkbox"/> Other _____</p> <p style="text-align: right;">Initials _____</p>	<p>STEP 2: VERBAL CONFIRMATION</p> <p><u>Date Confirmation Call Made</u> ____/____/____</p> <p><i>Call the Verified Contact Phone indicated in Step 1. Do not rely on individuals that call you.</i></p> <p>Wire Amount: \$ _____</p> <p>INCOMING WIRE</p> <p>Which Trust Account: _____</p> <p>OUTGOING WIRE</p> <p>Account Name _____</p> <p>Account Number _____</p> <p>Routing Number _____</p> <p>Bank _____</p> <p><input type="checkbox"/> Wiring Instructions Verbally Confirmed and Attached</p> <p style="text-align: right;">Initials _____</p>	<p>STEP 3: DELIVERY VERIFICATION</p> <p>Wire Authorized by (If Outgoing Wire) _____</p> <p>Wire Initiated by (If Outgoing Wire) _____</p> <p>Date Wire Sent ____/____/____ Date Wire Received ____/____/____</p> <p>Date of Receipt of Wire Confirmation ____/____/____</p> <p>Receipt of Wire Confirmed by _____</p> <p>Type of Wire</p> <p><input type="checkbox"/> Loan Payoff <input type="checkbox"/> Seller Proceeds</p> <p><input type="checkbox"/> Other _____</p> <p><input type="checkbox"/> Equity Line Payoff Remember the Block & Close Letter</p> <p style="text-align: right;">Initials _____</p>
---	---	---

CHANGE IN OUTGOING WIRING INSTRUCTIONS? CHANGES TO WIRING INSTRUCTIONS SHOULD REQUIRE A SECONDARY REVIEW

Change Requested by: _____ Buyer Seller Lender Other _____

Was Change Requested by Contact: Yes No Date Change Request: ____/____/____

Manner of Change Request: Encrypted Email Telephone Fax Other _____

Was Change Verified Independently through Steps 1 and 2? Yes No

Who Confirmed Change: _____ Date Change Confirmed: ____/____/____

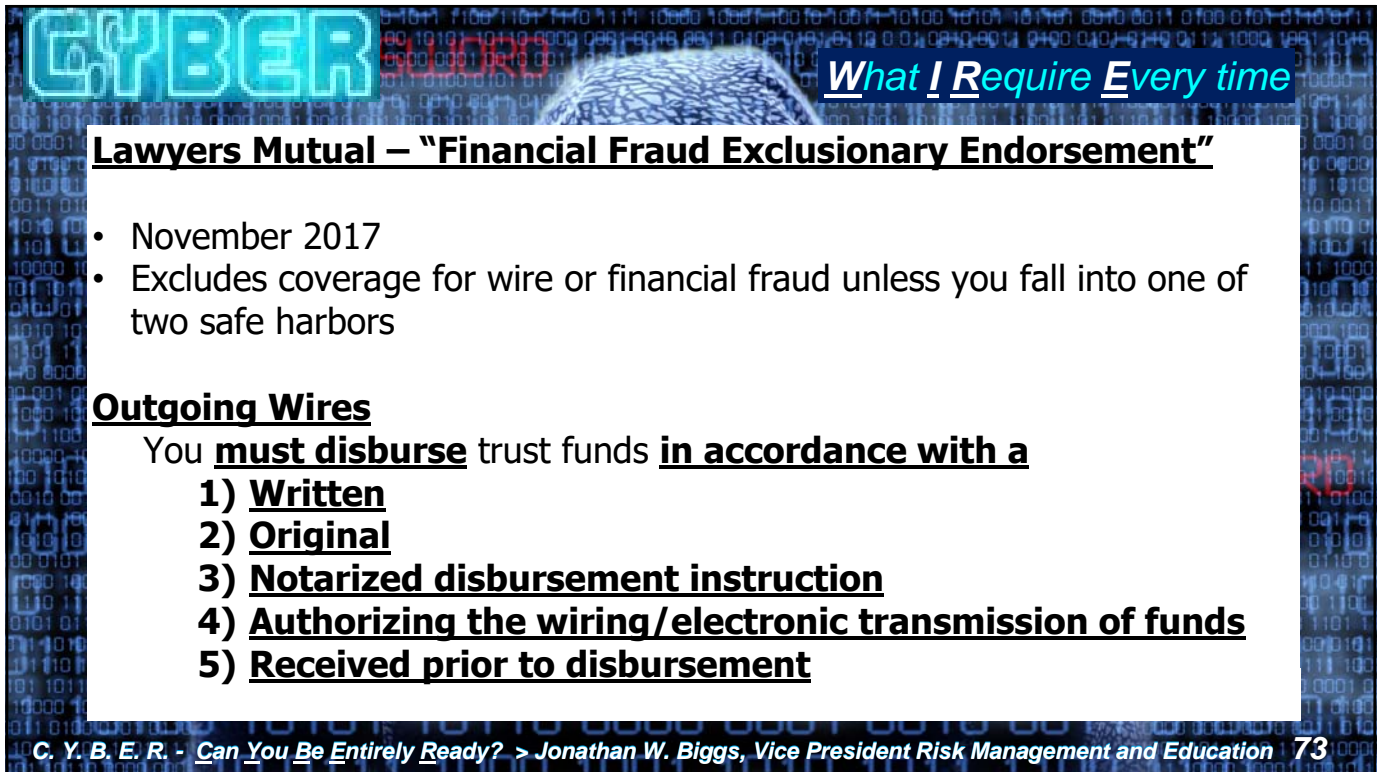
Manner of Confirming Change: Verified Contact Phone (Recommended) Encrypted Email Other _____

Change Approved By: _____ Date Change Approved: ____/____/____

Initials _____

Investors Title
INNOVATIVE BY INSTINCT

800.326.4842 | www.invttitle.com/wire



What I Require Every time

Lawyers Mutual – “Financial Fraud Exclusionary Endorsement”

- November 2017
- Excludes coverage for wire or financial fraud unless you fall into one of two safe harbors

Outgoing Wires

You **must disburse** trust funds **in accordance with a**

- 1) **Written**
- 2) **Original**
- 3) **Notarized disbursement instruction**
- 4) **Authorizing the wiring/electronic transmission of funds**
- 5) **Received prior to disbursement**

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CYBER FRAUD

INSURANCE

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CYBER *Cyber Fraud Insurance*

When All Else Fails; Have a Plan B – Cyber-Fraud Insurance

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CYBER *Cyber Fraud Insurance*

**You
Are A
Target**

estors Title
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CYBER *Cyber Fraud Insurance*

- Wrong Direction
- Only Road
- People Trying To Hit You
- Not Nimble Enough To Avoid Getting Hit
- No One Is!

Investors Title
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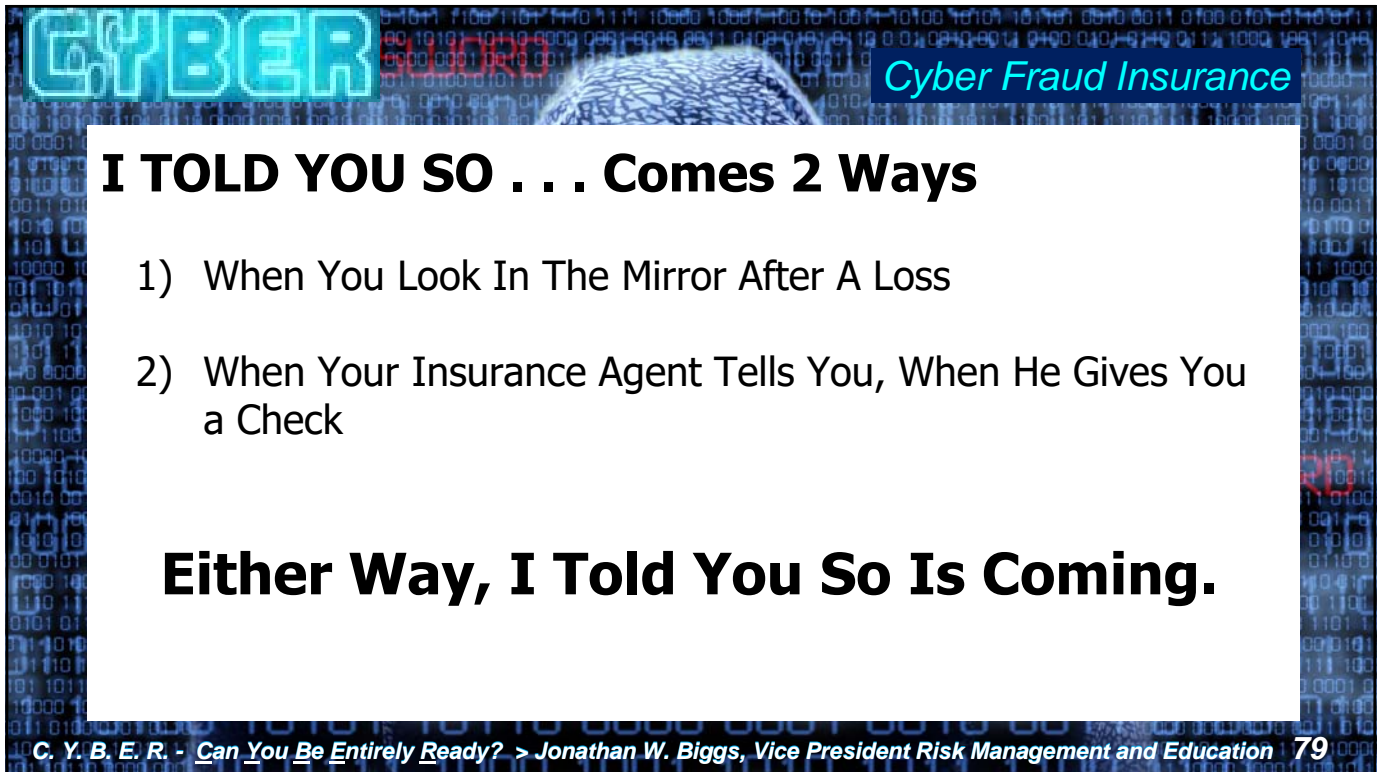
CYBER

© Cartoonbank.com

With Social Engineering Online You can make 3400% of Bank Robbery Haul

Social Engineering Average Fraud Loss = \$129,427

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I TOLD YOU SO . . . Comes 2 Ways

- 1) When You Look In The Mirror After A Loss
- 2) When Your Insurance Agent Tells You, When He Gives You a Check

Either Way, I Told You So Is Coming.

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Simple Steps To Avoid Being a Victim

REMEMBER:

- Slow Down – Follow Company Procedures
- Do what in necessary or required, not just what is wanted

ALWAYS:

- Be on Your Guard – Be Suspicious
- Look for Red Flags
- Use Encrypted Email for **ALL** Sensitive Information
 - Remember that email thread is contained in forward or reply
- Type Your Own Email Addresses (or use your contact list)
- Roll Over / Hover Over Links to See Their Actual Destination
- Follow Company Policies
- Use Complex Password and Keep Them Confidential

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CYBER **Conclusion**

Simple Steps To Avoid Being a Victim

NEVER:

- Assume Email is Safe (even if encrypted)
- Trust Emails From Free E-Mail Accounts (gmail, yahoo, hotmail etc.)
- Click on Links in Email
- Click on Attachments in Email (unless you have verified sender)
- Send Sensitive Information in Email
- Wire Funds Without Call Back Procedure
- Bypass Company Policies

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CYBER **Conclusion**

5 On Your Side
WRAL NEWS

WRAL NEWS

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CYBER <http://InvTitle.com/wire>

CYBER.
CAN YOU BE ENTIRELY READY?



SLOW
WORK ZONE
AHEAD

FAST.
FAST ACTION STOPS THEFT



STOP
THEFT

WIRE.
WHAT I REQUIRE EVERY TIME.



WIRE
FRAUD
AHEAD

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CYBER <http://InvTitle.com/fraud>

**SELLER/
BUYER
BEWARE**

**Protect
Yourself from
Fraud**

Since 2014 the real estate industry has experienced a drastic increase in escrow fraud theft. Criminals are getting smarter and more sophisticated.



Actual Trust Account Fraud Cases

Often the fraudster uses email addresses and domains identical to those of the actual attorney and will even use their company logo.

- Fraudster intercepts buyer's and/or seller's email to their realtor or attorney. Fraudster pretends to be the buyer or seller and inserts their wiring instructions to the attorney. Funds are wired to the fraudster's account.
- Fraudster impersonates attorney or realtor (they even use the names of the actual employees) and emails the buyer instructing them to wire the funds needed for closing to a fraudulent account.
- Fraudster impersonates seller and tells attorney they want their sale proceeds to be wired to a fraudulent account.

C. Y. **84**

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Credits

- Chubb – Social Engineering Fraud
<https://youtu.be/nknq9sUu8ko>
- Cisco – Anatomy of an Attack
<https://www.youtube.com/watch?v=4gR562GW7TI>
- WRAL - Mortgage Closing Scam
<http://www.wral.com/-real-estate-scam-causes-durham-couple-to-lose-50k/16972178/>
- Jimmy Kimmel - What is Your Password?
<https://youtu.be/opRMrEfAlil>

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