

# Fraud Advisory for Business

## Corporate Account Take Over



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*If your business accepts credit cards, you are subject to compliance with the Payment Card Industry Security Standard (PCI DSS), and you may be required to report the incident. For more information, visit*

*[https://www.pcisecuritystandards.org/security\\_standards/pci\\_dss.shtml](https://www.pcisecuritystandards.org/security_standards/pci_dss.shtml)*

*This product was created as part of a joint effort between the United States Secret Service, the Federal Bureau of Investigation, the Internet Crime Complaint Center (IC3) and the Financial Services Information Sharing and Analysis Center (FS-ISAC).*



## I. Problem

Cyber criminals are targeting the financial accounts of owners and employees of small and medium sized businesses, resulting in significant business disruption and substantial monetary losses due to fraudulent transfers from these accounts. Often these funds may not be recovered.<sup>1</sup> To obtain access to financial accounts, cyber criminals target employees – often senior executives or accounting and HR personnel<sup>2</sup> – and business partners<sup>3</sup> and cause the targeted individual to spread malicious software (or “malware”) which in turn steals their personal information and log-in credentials. Once the account is compromised, the cyber criminal is able to electronically steal money from business accounts. Cyber criminals also use various attack methods to exploit check archiving and verification services that enable them to issue counterfeit checks, impersonate the customer over the phone to arrange funds transfers, mimic legitimate communication from the financial institution to verify transactions, create unauthorized wire transfers and ACH payments, or initiate other changes to the account. In addition to targeting account information, cyber criminals also seek to gain customer lists and/or proprietary information – often through the spread of malware – that can also cause indirect losses and reputational damage to a business.

First identified in 2006, this fraud, known as “corporate account take over,” has morphed in terms of the types of companies targeted and the technologies and techniques employed by cyber criminals. Where cyber criminals once attacked mostly large corporations, they have now begun to target municipalities, smaller businesses, and non-profit organizations. Thousands of businesses, small and large, have reportedly fallen victim to this type of fraud. Educating all stakeholders (financial institutions, businesses and consumers) on how to identify and protect themselves against this activity is the first step to combating cyber criminal activity.

This advisory was created by financial institutions, industry trade associations, Federal law enforcement and regulatory agencies.<sup>4</sup> It is intended to make businesses aware of this issue, identify some examples of how the fraud may occur, and provide updated recommendations to businesses to protect themselves against it. The information contained in this advisory is intended to provide basic guidance and resources for businesses to learn about the evolving threats and to establish security processes specific to their needs. However, it is very important to note that as the cyber criminals change their techniques, businesses must continue to improve their knowledge of and security posture against these attacks. In addition, the tips and recommendations contained in this advisory may help reduce the likelihood of fraud, but they should not be expected to provide complete protection against these attacks.

<sup>1</sup> Consumer accounts are subject to Federal Reserve Regulations E (12C.F.R. Part 205) which requires banks to provide reimbursement for certain losses. Regulation E does not apply to business accounts. Therefore, banks are not required to provide reimbursement for certain losses.

<sup>2</sup> Any employee is vulnerable to being targeted.

<sup>3</sup> Business partners can include, among other third parties, contractors and accountants.

<sup>4</sup> This advisory was created through a collaborative cross-industry effort to develop and distribute recommended practices to prevent, detect and respond to corporate and consumer account takeovers. Led by the Financial Services Information Sharing and Analysis Center (FS-ISAC), contributors include more than 30 of the largest financial institutions in the U.S., industry associations including the American Bankers Association (ABA), NACHA-The Electronic Payments Association, BITS/The Financial Services Roundtable; and federal regulatory and law enforcement agencies. This advisory is an update to recommendations previously released in August 2009 by the FS-ISAC, FBI and NACHA and NACHA (Operations Bulletin) in December 2009.

## II. How it's Done

Cyber criminals employ various technological and non-technological methods to manipulate or trick victims into divulging personal or account information. Such techniques may include performing an action such as opening an email attachment, accepting a fake friend request on a social networking site, or visiting a legitimate, yet compromised, website that installs malware on their computer(s).

### *Dissecting an Attack*



1. Criminals target victims by way of phishing, spear phishing or social engineering techniques.
2. The victims unknowingly install malware on their computers, often including key logging and screen shot capabilities.
3. The victims visit their online banking website and logon per the standard process.
4. The malware collects and transmits data back to the criminals through a back door connection.
5. The criminals leverage the victim's online banking credentials to initiate a funds transfer from the victim's account.

Cyber criminals will often “phish” for victims using mass emails, pop-up messages that appear on their computers, and/or the use of social networking and internet career sites.<sup>5</sup> For example, cyber criminals often send employees unsolicited emails that:

- Ask for personal or account information;
- Direct the employee to click on a malicious link provided in the email; and/or
- Contain attachments that are infected with malware.

Cyber criminals use various methods to trick employees into opening the attachment or clicking on the link, including:

- Disguising the email to look as though it’s from a legitimate business. Often, these criminals will employ some type of scare tactic to entice the employee to open the email and/or provide account information. For example, cyber criminals have sent emails claiming to be from:
  1. UPS, USPS, FedEx (e.g., “There has been a problem with your shipment.”)
  2. Financial institutions (e.g., “There is a problem with your banking account.”)
  3. Better Business Bureaus (e.g., “A complaint has been filed against you.”)
  4. Court systems (e.g., “You have been served a subpoena.”)
- Making the email appear to provide information regarding current events such as natural disasters, major sporting events, and celebrity news to entice people to open emails and click on links.
- Using email addresses or other credentials stolen from company websites or victims, such as relatives, co-workers, friends, or executives and designing an email to look like it is from a trusted source to entice people to open emails and click on links.

<sup>5</sup>Cyber criminals also use “vishing”, which is soliciting victims over the phone or Voice over IP (VoIP).

The cyber criminal's goal is to get the employee to open the infected attachments or click on the link contained in the email and visit the nefarious website where hidden malware is often downloaded to the employee's computer. This malware allows the fraudster to "see" and track employee's activities across the business' internal network and on the Internet. This tracking may include visits to your financial institution and use of your online banking credentials used to access accounts (account information, log in, and passwords). Using this information, the fraudster can conduct unauthorized transactions that appear to be a legitimate transaction conducted by the company or employee.



### III. How to Protect, Detect, and Respond

#### *Protect*

1. Educate everyone on this type of fraud scheme
  - Don't respond to, open attachments, or click on links in unsolicited emails. If a message appears to be from your financial institution and requests account information, do not use any of the links provided. Contact the financial institution using the information provided upon account opening to determine if any action is needed. Financial institutions do not send customers emails asking for passwords, credit card numbers, or other sensitive information. Similarly, if you receive an email from an apparent legitimate source (such as the IRS, Better Business Bureau, Federal courts, UPS, etc.) contact the sender directly through other means to verify the authenticity. Be very wary of unsolicited or undesired email messages (also known as "spam") and the links contained in them.
  - Be wary of pop-up messages claiming your machine is infected and offering software to scan and fix the problem, as it could actually be malicious software that allows the fraudster to remotely access and control your computer.
  - Teach and require best practices for IT security. See #2, "Enhance the security of your computer and networks".
2. Enhance the security of your computer and networks to protect against this fraud<sup>6</sup>
  - Minimize the number of, and restrict the functions for, computer workstations and laptops that are used for online banking and payments. A workstation used for online banking should not be used for general web browsing, emailing, and social networking. Conduct online banking and payments activity from at least one dedicated computer that is not used for other online activity.
  - Do not leave computers with administrative privileges and/or computers with monetary functions unattended. Log/turn off and lock up computers when not in use.

<sup>6</sup> See the "Resources" section for links to helpful and detailed tips on how to enhance your information technology (IT) security.

- Use/install and maintain spam filters.
- Install and maintain real-time anti-virus and anti-spyware desktop firewall and malware detection and removal software.
  - Use these tools regularly to scan your computer. Allow for automatic updates and scheduled scans.
- Install routers and firewalls to prevent unauthorized access to your computer or network.
  - Change the default passwords on all network devices.
- Install security updates to operating systems and all applications, as they become available. These updates may appear as weekly, monthly, or even daily for zero-day attacks.
- Block pop-ups.
- As recommended by Microsoft for users more concerned about security, many variants of malware can be defeated by using simple configuration settings. If these settings do not interfere with your normal business functions, it is recommended that these and other product settings be considered to protect against current and new malware for which security patches may not be available.
- Keep operating systems, browsers, and all other software and hardware up-to-date.
- Make regular backup copies of system files and work files.
- Encrypt sensitive folders with the operating system's native encryption capabilities. Preferably, use a whole disk encryption solution.
- Do not use public Internet access points (e.g., Internet cafes, public wi-fi hotspots (airports), etc.) to access accounts or personal information. If using such an access point, employ a Virtual Private Network (VPN).<sup>7</sup>
- Keep abreast of the continuous cyber threats that occur. See the Additional Resources section for recommendations on sites to bookmark.

3. Enhance the security of your corporate banking processes and protocols
  - Initiate ACH and wire transfer payments under dual control using two separate computers. For example: one person authorizes the creation of the payment file and a second person authorizes the release of the file from a different computer system. This helps ensure that one person does not have the access authority to perform both functions, add additional authority, or create a new user ID.
  - Talk to your financial institution about Positive Pay and other services such as SMS texting, call backs, and batch limits which help to protect companies against altered checks, counterfeit check fraud and unauthorized ACH transactions.
  - If, when logging into your account, you encounter a message that the system is unavailable, contact your financial institution immediately.
  
4. Understand your responsibilities and liabilities
  - Familiarize yourself with your institution's account agreement. Also be aware of your liability for fraud under the agreement and the Uniform Commercial Code (UCC), as adopted in the jurisdiction, as well as for your responsibilities set forth by the Payment Card Industry Data Security Standard (PCI DSS), should you accept credit cards. For more information, see [https://www.pcisecuritystandards.org/get\\_involved/rights\\_responsibilities/](https://www.pcisecuritystandards.org/get_involved/rights_responsibilities/)

<sup>7</sup> A VPN uses the public telecommunication infrastructure and the Internet to provide remote and secure access to an organization's network.

## ***Detect***

5. Monitor and reconcile accounts at least once a day
  - Reviewing accounts regularly enhances the ability to quickly detect unauthorized activity and allows the business and the financial institution to take action to prevent or minimize losses.
6. Discuss the options offered by your financial institution to help detect or prevent out-of-pattern activity (including both routine and red flag reporting for transaction activity).
7. Note any changes in the performance of your computer such as:
  - A dramatic loss of speed.
  - Changes in the way things appear.
  - Computer locks up so the user is unable to perform any functions.
  - Unexpected rebooting or restarting of your computer.
  - An unexpected request for a one time password (or token) in the middle of an online session.
  - Unusual pop-up messages.
  - New or unexpected toolbars and/or icons.
  - Inability to shut down or restart.
8. Pay attention to warnings
  - Your anti-virus software should alert you to potential viruses. If you receive a warning message, contact your IT professional immediately.
9. Be on the alert for rogue emails
  - If someone says they received an email from you that you did not send, you probably have malware on your computer.
  - You can also check your email “outbox” to look for email that you did not send.
10. Run regular virus and malware scans of your computer’s hard drive
  - This can usually be set to run automatically during non-peak hours.

## ***Respond***

11. If you detect suspicious activity, immediately cease all online activity and remove any computer systems that may be compromised from the network
  - Disconnect the Ethernet cable and/or any other network connections (including wireless connections) to isolate the system from the network and prevent any unauthorized access.
  
12. Make sure your employees know how and to whom to report suspicious activity to within your company and at your financial institution
  
13. Immediately contact your financial institution so that the following actions may be taken:
  - Disable online access to accounts.
  - Change online banking passwords.
  - Open new account(s) as appropriate.
  - Request that the financial institution's agent review all recent transactions and electronic authorizations on the account. If suspicious active transactions are identified, cancel them immediately.
  - Ensure that no one has added any new payees, requested an address or phone number change, created any new user accounts, changed access to any existing user accounts, changed existing wire/ACH template profiles, changed PIN numbers or ordered new cards, checks or other account documents be sent to another address.
  
14. Maintain a written chronology of what happened, what was lost, and the steps taken to report the incident to the various agencies, financial institutions, and firms impacted
  - Be sure to record the date, time, contact telephone number, person spoken to, instructions, and any relevant report or reference number.

15. File a police report and provide the facts and circumstances surrounding the loss
  - Obtain a police report number with the date, time, department, location and officer's name taking the report or involved in the subsequent investigation. Having a police report on file will often help facilitate the filing of claims with insurance companies, financial institutions, and other establishments that may be the recipient of fraudulent activity.
  - The police report may result in a law enforcement investigation into the loss with the goal of identifying, arresting and prosecuting the offender, and possibly recovering losses.
  - Depending on the incident and the circumstances surrounding the loss, investigating officials may request specific data be recorded and some or all of the system's data may need to be preserved as potential evidence.
  - In addition, you may choose to file a complaint online at [www.ic3.gov](http://www.ic3.gov). For substantial losses, contact your local FBI field office (<http://www.fbi.gov/contact-us/field/field-offices>), your local United States Secret Service field office ([http://www.secretservice.gov/field\\_offices.shtml](http://www.secretservice.gov/field_offices.shtml)), or the Secret Service's local Cyber Fraud Task Force <https://www.secretservice.gov/newsroom/releases/2020/07/secret-service-announces-creation-cyber-fraud-task-force>.
  
16. Have a contingency plan to recover systems suspected of compromise
  - The contingency plan should cover resolutions for a system infected by malware, data corruption, and catastrophic system/hardware failure. A recommended malware removal option is to reformat the hard drive, then reinstall the operating system and other software on the infected computer(s). There is no preservation of data using this method—all your data will be permanently erased. Do not take this step until you determine if a forensic analysis of the computer is needed. For additional recommendations on steps to take following a compromise, see the section "What if I am Compromised" on page 6 of the US CERT document, Malware Threats and Mitigation Strategies available at <https://www.cisa.gov/sites/default/files/publications/malware-threats-mitigation.pdf>

17. Consider whether other company or personal data may have been compromised
18. Report exposures to PCI DSS
  - If your business accepts credit cards, you are subject to compliance with the Payment Card Industry Data Security Standard (PCI DSS) and you may be required to report and investigate the incident, limit the exposure of the cardholder data, and report the incident to your card company. For more information, see <https://www.pcisecuritystandards.org/merchants>

## Contact your financial institution for more information.

### Additional Resources:

- Federal Trade Commission (FTC) website, “Identity Theft and Online Security”<sup>8</sup>
- Internet Crime Complaint Center (IC3)<sup>9</sup>
- Department of Homeland Security Cyber Report<sup>10</sup>
- National Cyber Security Alliance Stay Safe Online<sup>11</sup>
- Better Business Bureau– “Your cybersecurity HQ”<sup>12</sup>
- Microsoft Security Page<sup>13</sup>
- U.S. Chamber of Commerce’s “Internet Security Essentials for Small Business”<sup>14</sup>

<sup>8</sup> <https://consumer.ftc.gov/identity-theft-and-online-security>

<sup>9</sup> The IC3 is a partnership between the Federal Bureau of Investigation (FBI), the National White Collar Crime Center (NW3C), and the Bureau of Justice Assistance (BJA). For more information, see <http://www.ic3.gov/default.aspx>

<sup>10</sup> <http://www.cyber.st.dhs.gov>

<sup>11</sup> [https://staysafeonline.org/?post\\_types=&s=stay+safe+online](https://staysafeonline.org/?post_types=&s=stay+safe+online)

<sup>12</sup> <http://www.bbb.org/data-security>

<sup>13</sup> <https://www.microsoft.com/en-us/security/>

<sup>14</sup> Visit <https://www.uschamber.com/assets/archived/images/Internet%20Security%20Essentials%20for%20Business%202.0.pdf> for more information



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