

# FRAUD SCHEMES & SCAMS



Fraudsters use a number of deceptive strategies to swindle individuals & financial institutions out of significant amounts of money.

**\$3.1 B**



Reported E-mail Compromise Fraud cases have involved 3.1 billion dollars in actual and attempted losses.

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## E-MAIL COMPROMISE FRAUD

Consists of schemes where criminals compromise a victim's e-mail account and send fraudulent wire transfer instructions to Financial Institutions (FIs). 6

Business Email Compromise (BEC) can be linked to other types of criminal activity including **romance, lottery, employment, and check scams**. Victims of these scams may be used to unknowingly transfer fraudulent funds on behalf of the perpetrators. 4

## ROMANCE SCAM

An individual believes they are in a relationship (family, friendly, or romantic) and are tricked into sending money, personal and financial information, or items of value to the perpetrator or to launder money or items to assist the perpetrator. 4

According to the FBI's Internet Crime Complaint Center (IC3), romance scams—also called confidence fraud—result in the highest amount of financial losses to victims when compared to other online crimes.



ALMOST **15,000** COMPLAINTS

categorized as romance scams/confidence fraud reported to IC3 in 2016



OVER **\$230 M** IN LOSSES

associated with those complaints

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The states with the highest numbers of victims:

**California**  
**Texas**  
**Florida**  
**New York**  
**Pennsylvania** 1



IN TEXAS, 2016:  
MORE THAN **1000** COMPLAINTS FROM VICTIMS  
OVER **\$16M** IN REPORTED LOSSES

“ From what we can tell, these are usually criminal organizations, that work together. And once a victim becomes a victim, in that they send money, they are oftentimes placed on what is called a **sucker list**. And their names and identities are shared with other criminals. And they will be **targeted for future recruitment**. ”

Special Agent Christine Beining, FBI

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## FOREIGN LOTTERIES/SWEEPSTAKES

Victims are told that they have won a lottery or sweepstakes in a foreign drawing. To collect the winnings, victims are told they must first pay various taxes and fees.

Foreign lottery fraud is currently one of the most prevalent consumer frauds. 3

OVER **\$19M** IN LOSSES

categorized as lottery/sweepstakes reported to IC3 in 2015

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Operation Hard Copy is an ongoing investigation into a transnational organized crime advance fee **lottery scam** fraud.

This scam bilked at least 80 mostly elderly U.S. residents out of millions of dollars.

During the 2015 trial of one defendant, evidence showed how victims were targeted by the use of **lead lists**.

Lead lists are often assembled in the US and sold to lottery scammers.

Lists included names, telephone numbers, and personal information of potential victims.

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“ Enclosed is your first check. Please cash the check, take \$300 out as your pay, and send the rest to the vendor for supplies. ”



## EMPLOYMENT SCAM

An individual believes they are working a legitimate job, and many times end up losing money or laundering money/items. 4

Scammers often target college students by advertising phony job opportunities.

The student employee receives counterfeit checks and is instructed to deposit the checks into their personal checking account.

The scammer then directs the student to withdraw the funds from their checking account and wire a portion to another individual. 5

“ There are **no quick ways** to get rich. If an investment opportunity **seems too good to be true**, it probably is. ”

Special Agent Ben Williamson, FBI

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## SCAM SURVEY

In February 2017, Verafin conducted a survey of 741 BSA & Fraud professionals.

**40% SAID:**

more than a third of their deposit fraud losses were from scams.



**63% SAID:**

Scams are most frequently funded with a **fraudulent check**.



### Most Common Scam Types



### Most Common Scam Tactics



### Sources:

- <https://www.fbi.gov/news/stories/romance-scams>
- <https://www.fbi.gov/news/stories/advance-fee-fraudster>
- <https://www.fbi.gov/stats-services/publications/mass-marketing-fraud>
- [https://pdf.ic3.gov/2015\\_IC3Report.pdf](https://pdf.ic3.gov/2015_IC3Report.pdf)
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