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# Preventing Wire Fraud

Often times, wire fraud can be difficult to detect before the damage is done. With cyber security hackers and social engineering, it happens to companies of all sizes, industries and locations. According to the Center for Strategic and International Studies, cybercrime costs the global economy around \$445 billion each year. The good news is that treasurers are in a key position to help manage cyber risk by putting strategies and internal controls in place.

Here are some steps to help you look for signs of potential fraud.

- 1. Confirm that the request to initiate the wire is from an authorized source within the company.** Consider verifying the request with a phone call in case your company's email has been hacked. Explain to your employees, who may be afraid to "question" the CFO or business owner, the importance of validating the request.
- 2. Double- and triple-check email addresses.** A common masquerading trick is to modify an email address slightly so an employee doesn't notice that the message is from a fraudulent domain. By replacing the "w" in Bank of the West's name with a double "v," for example, a masquerader could send emails from BankoftheVWest.com.
- 3. Establish a multi-person approval process for transactions above a certain dollar threshold.**
- 4. Slow down.** Speed is the fraudster's ally and your enemy. Fraudsters gain an advantage by pressuring employees to take action quickly without confirmation of all the facts. Be on high alert for possible fraud anytime wire-transfer instructions include tight deadlines.
- 5. Be suspicious of confidentiality.** Whenever wire-transfer instructions specify to keep the transaction secret, you should verify the legitimacy of the source of the request. A quick phone call to the employee initiating the request can prevent a costly mistake.
- 6. Many companies require a valid purchase-order number and approval from a manager and the finance department to spend money.** Similarly, your business can require that all wire transfers over a certain dollar threshold be matched to a reference number to ensure they are linked to a previously approved purchase or service.