Business Identity Theft

Understanding the crime and how it occurs

NASS Business Identity Theft Forum | October 17, 2011

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Objectives:

1. Discuss key differences between consumer and business identity theft, and why thieves are targeting businesses

2. Review the common methods that thieves use to impersonate and defraud businesses
   - Broad brush understanding of scope - address or educate
   - Primer discussion - introduce some specific methodologies and concepts for further discussion

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Consumer ID Theft vs. Business ID Theft

Business ID Theft = More Profits

Business ID Theft

- Easy credit and credit terms
- Higher credit limits
  - ☑ Easy
- Larger purchases / Low scrutin
- Larger bank balances
  - ☑ Lucrative
- Minimal security
  - #1 for-profit crime
- Less fraud protections *(and short*
  - ☑ Low risk
- Not a "person"
  - ☑ Low risk

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How Business Identity Theft Occurs

Common Schemes to Impersonate and Defraud Businesses

Some you can address – others you can educate

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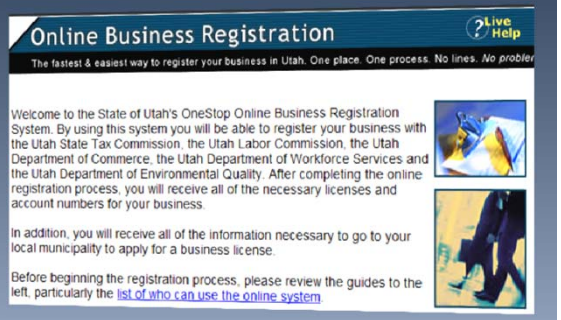
Fraudulent Business Registrations


Online Business Registration

Live Help

The fastest & easiest way to register your business in Utah. One place. One process. No lines. No probler

Welcome to the State of Utah's OneStop Online Business Registration System. By using this system you will be able to register your business with the Utah State Tax Commission, the Utah Labor Commission, the Utah Department of Commerce, the Utah Department of Workforce Services and the Utah Department of Environmental Quality. After completing the online registration process, you will receive all of the necessary licenses and account numbers for your business.

In addition, you will receive all of the information necessary to go to your local municipality to apply for a business license.

Before beginning the registration process, please review the guides to the left, particularly the list of who can use the online system.

- Change or Modify Existing Registrations

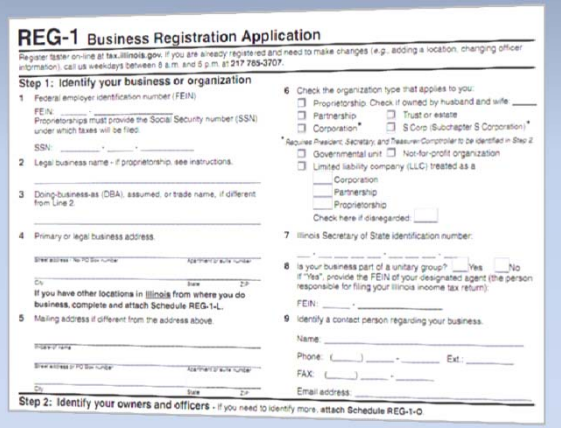
  (addresses, owners / officers, registered agent)

- Reinstate Closed, Dissolved, or "Dead" Businesses

- Foreign LLCs or Corporations

  (standing or piggyback on estab. credentials)

- Intentionally Similar Name or DBA


REG-1 Business Registration Application

Register faster on-line at tax.illinois.gov. If you are already registered and need to make changes (e.g., adding a location, changing officer information), call us weekdays between 8 a.m. and 5 p.m. at 217 785-3707.

Step 1: Identify your business or organization

1 Federal employer identification number (FEIN)

FEIN:

Proprietorships must provide the Social Security number (SSN) under which taxes will be filed:

SSN: ____ - ____ - ____

2 Legal business name - if proprietorship, see instructions.

3 Doing-business-as (DBA), assumed, or trade name, if different from Line 2.

4 Primary or legal business address.

Street address - No PO Box number | Apartment or suite number

City | State | ZIP

If you have other locations in Illinois from where you do business, complete and attach Schedule REG-1-L.

5 Mailing address if different from the address above.

Care of name

Street address or PO Box number | Apartment or suite number

City | State | ZIP

6 Check the organization type that applies to you:

☐ Proprietorship. Check if owned by husband and wife ____

☐ Partnership ☐ Trust or estate

☐ Corporation* ☐ S Corp (Subchapter S Corporation)*

* Requires President, Secretary, and Treasurer/Comptroller to be identified in Step 2.

☐ Governmental unit ☐ Not-for-profit organization

☐ Limited liability company (LLC) treated as a

____ Corporation

____ Partnership

____ Proprietorship

Check here if disregarded: ____

7 Illinois Secretary of State identification number:

____ - ____ - ____ - ____ - ____

8 Is your business part of a unitary group? ____Yes ____No

If "Yes", provide the FEIN of your designated agent (the person responsible for filing your Illinois income tax return):

FEIN: ____ - ____

9 Identify a contact person regarding your business.

Name: ____

Phone: (____) ____ - ____ Ext.: ____

FAX: (____) ____ - ____

Email address: ____

Step 2: Identify your owners and officers - If you need to identify more, attach Schedule REG-1-O.

State Factors

- Processes / legislation vs. trends
- Good faith filing
- No alert system
- No information sharing

Business Factors

- Infrequency of review
- Failure to enroll in alert system
- Do not understand the risks

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Physical Address Mirroring

aka "The Business Bust-Out"

Exploits weaknesses in address-based verification and authentication systems

Step 1: Identify a location & target company

Step 2: Obtain business credit report or other useful intel on the target company

Step 3: Rent office space in the same building as the target company

Step 4: Purchase products and services in the victim business' name

Step 5: Disappear and find the next victim

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Address Mirroring in Credit Transactions

Street address (line 1) + ZIP Code = “Exact Match”

Guidelines for Using U.S. and International AVS Result Codes

U.S. CODE	INT'L CODE	DEFINITION	EXPLANATION
Y	D M	Exact Match	Both street address and ZIP Code match. Generally speaking, you will want to proceed with transactions for which you have received an authorization approval and an “exact match.”
A	B	Partial Match	Street address matches, but ZIP Code does not. You may want to follow up before shipping merchandise. The issuer might have the wrong ZIP Code in its file; merchant staff may have entered the ZIP Code incorrectly; or this response may indicate a potentially fraudulent situation.
Z	P	Partial Match	ZIP Code matches, but street address does not. Unless you sent only a ZIP Code AVS request and it matched, you may want to follow up before shipping merchandise. The issuer may have the wrong address in its file or have the same address information in a different format; the cardholder may have recently moved; merchant staff may have entered the address

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National and Global Reach through Technology

Thieves easily hide behind technology and the Internet to hide their location and make their activities appear legitimate

- ☑ Virtual Office Location

- ☑ Virtual Telephone Service

- ☑ Website

  Confidence marks – verified and legitimate

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Business Credit Records

- Unlike consumer reports, business credit reports are available to anyone
- Contain a vast amount of information about the business
- Much of the information is self-reported – subject to manipulation or misuse

Operations

03/18/2008	Engaged in commercial lithographic printing (100%).
Description:	Terms are Net 30 days. Has 280 account(s). Sells to commercial concerns. Territory : United States.
	Nonseasonal.
Employees:	152 which includes officer(s). 110 employed here.
Facilities:	Occupies premises in a one story cinder block building.
Location:	Central business section on well traveled street.
Branches:	This business has multiple branches, detailed branch/division information is available in D & B's linkage of family tree products.
	This business has 2 subsidiaries listed below.
	The extent of ownership where known, is shown in parenthesis following company name:
Subsidiaries:	Gorman Poster Printing Inc, San Francisco, CA (100%) chartered 2003. Operates as a poster printing company.
	Gorman Catalog Printing Inc, San Francisco, CA (100%) chartered 2003. Operates as a catalog printing company.

History

The following information was reported: **03/18/2008**

Officer(s):	LESLIE SMITH, PRES KEVIN J HUNT, SEC-TREAS
DIRECTOR(S) :	THE OFFICER(S)

This is a Corporation formed in the State of California on May 21, 1985.
Business started 1985 by Leslie Smith and Kevin J Hunt. 60% of capital stock is owned by Leslie Smith. 40% of capital stock is owned by Kevin J Hunt.
LESLIE SMITH born 1946. Graduated from the University of California, Los Angeles, CA, in June 1967 with a BS degree in Business Management. 1967-85 General Manager for Raymor Printing Co, San Francisco, CA. 1985 formed subject with Kevin J Hunt. 1985 to present active as Principal in Gorman Affiliate Ltd, San Francisco, CA.
KEVIN J HUNT born 1945. Graduated from Northwestern University, Evanston, IL in June 1966. 1966-1985 was General Manager for Raymor Printing Co, San Francisco, CA. 1985 formed subject with Leslie Smith. 1985 to present active as Principal in Gorman Affiliate Ltd, San Francisco, CA.

Business Registration

CORPORATE AND BUSINESS REGISTRATIONS PROVIDED BY MANAGEMENT OR OTHER SOURCE
The Corporate Details provided below may have been submitted by the management of the subject business and may not have been verified with the government agency which records such data.

Registered Name:	Gorman Manufacturing Company, Inc.
Business type:	CORPORATION
Corporation type:	PROFIT
Date incorporated:	May 20 1985
State of incorporation:	CALIFORNIA
Filing date:	May 20 1985
Registration ID:	testcase102
Where filed:	SECRETARY OF STATE/CORPORATIONS DIVISION , SACRAMENTO , CA
Common stock:	
Authorized shares:	$200

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Falsified Financial Reports

Google Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)

77-0493581 (I.R.S. Employer Identification Number)

	Year Ended December 31,				
	2004	2005	2006	2007	2008
	(in thousands, except per share amounts)				
Consolidated Statements of Income Data:					
Revenues	$ 3,189,223	$ 6,138,560	$ 10,604,917	$ 16,593,986	$ 21,795,550
Costs and expenses:					
Cost of revenues	1,468,967	2,577,088	4,225,027	6,649,085	8,621,506
Research and development	395,164	599,510	1,228,589	2,119,985	2,793,192
Sales and marketing	295,749	468,152	849,518	1,461,266	1,946,244
General and administrative	188,151	386,532	751,787	1,279,250	1,802,639
Contribution to Google Foundation	—	90,000	—	—	—
Non-recurring portion of settlement of disputes with Yahoo	201,000	—	—	—	—
Total costs and expenses	2,549,031	4,121,282	7,054,921	11,509,586	15,163,581
Income from operations	640,192	2,017,278	3,549,996	5,084,400	6,631,969
Impairment of equity investments	—	—	—	—	(1,094,757)
Interest income and other, net	10,042	124,399	461,044	589,580	316,384
Income before income taxes	650,234	2,141,677	4,011,040	5,673,980	5,853,596
Provision for income taxes	251,115	676,280	933,594	1,470,260	1,626,738
Net income	$ 399,119	$ 1,465,397	$ 3,077,446	$ 4,203,720	$ 4,226,858
Net income per share of Class A and Class B common stock					
Basic	$ 2.07	$ 5.31	$ 10.21	$ 13.53	$ 13.46
Diluted	$ 1.46	$ 5.02	$ 9.94	$ 13.29	$ 13.31

	As of December 31,				
	2004	2005	2006	2007	2008
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 2,132,297	$ 8,034,247	$ 11,243,914	$ 14,218,613	$ 15,845,771
Total assets	3,313,351	10,271,813	18,473,351	25,335,806	31,767,575
Total long-term liabilities	43,927	107,472	128,924	610,525	1,226,623
Deferred stock-based compensation	(249,470)	(119,015)	—	—	—
Total stockholders' equity	2,929,056	9,418,957	17,039,840	22,689,679	28,238,862

Microsoft Corporation

2011 Annual Report

Microsoft

Financial Highlights

SELECTED FINANCIAL DATA

FINANCIAL HIGHLIGHTS

(In millions, except per share data)

Year Ended June 30,	2011	2010	2009	2008	2007
Revenue	$ 69,943	$ 62,484	$ 58,437	$ 60,420	$ 51,122
Operating income	$ 27,161	$ 24,098	$ 20,363	$ 22,271 (a)	$ 18,438
Net income	$ 23,150	$ 18,760	$ 14,569	$ 17,681 (a)	$ 14,065
Diluted earnings per share	$ 2.69	$ 2.10	$ 1.62	$ 1.87	$ 1.42
Cash dividends declared per share	$ 0.64	$ 0.52	$ 0.52	$ 0.44	$ 0.40
Cash and cash equivalents and short-term investments	$ 52,772	$ 36,788	$ 31,447	$ 23,662	$ 23,411
Total assets	$ 108,704	$ 86,113	$ 77,888	$ 72,793	$ 63,171

- Often publically available
- Can be easily created or manipulated to deceive businesses, creditors, or lenders
- Combined with other real or falsified business credentials *(proof of right)* for the appearance of legitimacy and capacity

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Shelf Corporations

Yes, they are legal…

An issue when they are used with malicious intent

Example: Trade Rings

Multiple shelf corporations used to report bogus or inflated credit / trade transactions

- Deceive / defraud business or lender
- Used in business ID theft scheme

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Misuse of Owner / Officer Identity

The identity information of the business owners, officers, or directors

Obtained through:

- State business registration systems
- Business credit reports
- Data aggregators
- Other public information sources
- "Traditional" personal ID theft schemes

Used to:

✓ Obtain business loans or lines of credit using owner/officer as guarantor (> 20%)

✓ Access existing bank or credit accounts *(personal or business)*

✓ Open new bank or credit accounts

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Compromise of Business Accounts and Banking Credentials

Methods:

- Spyware / keyloggers
- Phishing and pharming
- Vishing, smishing, & social engineering
- Loss or theft

  (internal or external)
- Dumpster diving
- Data breach

Results:

- ☑ Fraudulent wire transfers
- ☑ Fraudulent credit purchases
- ☑ Fraudulent withdrawals or cash advances
- ☑ Use in fraudulent check schemes

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Internet Black Market

Actual Internet black market website

search...

CC & COBs

We offer a wide veriety of CC and COB (Change of billing). All our stocks are harvested through trojan, rather than through spam/phishing. So you can certainly be confident about the quality and logitivity of our CC/COB stocks.

Our stocks are maintained through constantly updated database. To ensure quality on a regular basis we check the validity and available balances through POS(Point of sale) networks.

Before you purchase please read the F.A.Q. in order to fully understand what you are buying.

Note: We don't sell CVV2/standard CC i.e. all our CC's are full info CC or COB. As of July 15,08 Balance check and BIN selection will be available for order above $500. For refund/replacement read F.A.Q.

ITEM WON'T BE DELIVERED UNLESS PAYMENT RECEIVED. ON THE ORDER FORM CHECK YOUR EMAIL ADDRESS BEFORE SUBMISSION.

See the pricing:

Item ID	Description	Note	Price($)
AMXD01CC	American Express(AmEx) or Discovery Full info CC Name,CC#,Exp Date,Scurity code, Full address,Phone number,Date of birth, Driverse license#, SSN/SIN	Minimum purchase 4pcs. No balance check or selected BIN. For balance check/ selected BIN add $2/each	$25/each
AMXD02COB	American Express(AmEx) COB In addition to above mentioned full info, following info included in a COB-- Issue date,bank account# and type, Routing/ IBAN,bank branch,ATM PIN, Authorization code/T-PIN,Mother's maiden	Minimum purchase 2pcs. No Balance check or selection of BIN. For balamce check/ selection of BIN add $2/each	$30/each
VMC01CC	Visa or Master Card Full info CC Name,CC#,Exp Date,Scurity code, Full address,Phone number,Date of birth, Driverse license#, SSN/SIN	Minimum purchase 4pcs. No balance check or selected BIN. For balance check/ selected BIN add $2/each	$15/each
VMC02COB	Visa or Master Card COB Name,CC#,Exp Date,Scurity code, Full address,Phone number,Date of birth, Driverse license#, SSN/SIN	Minimum purchase 2pcs. No balance check or selected BIN. For balance check/ selected BIN add $2/each	$20/each

search...

Bank Login

Maintaining huge array of collection, daily update and healthy balance the key concept we follow. Trojan and Pharming harvested online bank access, rather than phishing, makes our login one of a kind.

Why is it different?

Its true phishing gives you considerably higher number of account access, but it is also true account login harvested through phishing last barely a day or two. Possibility of your transfer/ access revoke is just around the corner, not to mention little balances. On the other hand Bank login acquired through Trojan or pharming, can be filtered and bring out only the best/reasonable large some accounts, and the account holder will know it only when all is over. So why buy something that might not worth the cash, or trouble--rather buy something that definitely will deliver you something.

Note : we do not need cash out partner's, so save your breath by not proposing one. No test drive, test transfer request please. You buy the login--you do the transfer, end of story. Database record's are updated frequently; when balance gets too low--or access lost, we remove the record from database.

Stocks at hand

Item Class	Available banks	Notes/ Balances	Price
USPER-011	BOA, Wells Fargo, WAMU,Chase,Bank One, Nations Bank, PNC	United States personal accounts. Balance range ~$9k up to ~$21k USD	7% of the total balance
USCOM-012	Citi Bank, WAMU, BOA, JP Morgan, ING direct	United States business accounts. Balance range ~$15.5k up to ~47k USD	5% of the total balance
CAPER-111	ING direct Canada, RBC, Scotiabank, CIBC,BMO	Canadian personal accounts. Balance range ~8k up to ~16k CAD	8% of the total balance
CACOM-112	N/A	--	6% of the total balance
GBSAC-201	Halifax, Abbey National, Natwest, Alliance & Leicester, Barclays	British personal/business accounts. Balance range ~5.2k up to ~28.9k GBP	5% of the total balance
DECPA-301	Deutsche Postbank, BHF Bank Deutsche	German personal/business accounts. Balance range ~14.8k up to 32.1k Euro	5% of the total balance
PACRA-504	ANZ Australia, Kiwi bank, Commonwealth Bank	Asia-pacific-Australasia personal accounts. Balance range ~10.7k up to ~19k Local currencies	10% of the total balance
OTHBK-909	MARFIN EGNATIA BANK Greece, Akbank Turky	Other private/personal accounts. Balance range ~6.5k up to ~24.3k local currencies	10% of the total balance

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Business Identity Theft: The Victim List

- Target Business
  - Income
  - Liquidity
  - Reputation
  - Employees
  - Customers
  - Partners
- Business owner / officer /director
- Defrauded businesses
- Financial institution
  - Credit card company
  - Bank / credit union
  - Lender
- State government
  - Confidence & reputation
  - Economy & employment
  - Revenue
- Trust and decisioning companies
  - Credit reporting agencies
  - Data depositories
  - Verification services
- Law enforcement
- Public

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