



Impersonation Fraud Claims Scenarios

Impersonation Fraud is a scheme that involves an imposter requesting a fraudulently payment. A perpetrator usually pretends to have authority to request a payment to another party (e.g., directors, executives and even vendors). The scam may begin as a phone call, email, fax, text or other form of communication. The request is usually for a wire transfer in order to secure immediate transfer of funds.

The potential scope of Impersonation Fraud is shown by these scenarios based on actual claims. Note that we have changed details to ensure confidentiality and that the examples are illustrative only and not to be relied on to justify coverage in any particular situation.

Talk to your local underwriter and insurance broker to learn how to best protect your company from this potential scam.

False Acquisition



An individual impersonating an executive of ABC Corp. contacts one of its employees who has authority to process wire transfer requests. The imposter advises the employee that ABC Corp. is in the process of acquiring another company and that the employee was selected to assist in the acquisition due to his discretion. The imposter advises that certain wire transfers will need to be made to effectuate the transaction and instructs the employee to contact an individual who is the supposed attorney representing ABC Corp. to get the wire instructions and details. The employee is also instructed to keep the transaction and all dealings with the false executive and attorney confidential and not discuss it with any other employees.



Over the span of several weeks, the employee receives several instructions/requests from the false attorney for wire transfers to banks in China totaling \$3 million. The employee processes the wire transfer requests through ABC Corp's bank, believing all to be legitimate.



The scheme is uncovered when the employee tries to discuss the acquisition with the true executive who is obviously unaware of any such acquisition. ABC Corp. contacts its bank in attempt to stop or reverse the wire transactions, however the funds have already been withdrawn and the wires cannot be reversed.

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False Expenses



An individual impersonating an executive of ABC Corp. emails an employee of ABC Corp. on various occasions directing him to process several wire transfers totaling \$175,000 to an overseas bank and to charge it to Administration Expenses.



The false executive promises to provide back-up documentation of the expenses at a later date. The email used by the imposter is virtually identical to the executive's true email address, such that the employee does not notice the difference.



The employee processes the wire transfer request and only uncovers the scam when he contacts the true executive inquiring about the back-up documentation that was never received.

Payment Diversion



Someone hacks into the computer system of Widget Co. and gains access to the email account of one of its employees, Joe Smith. Utilizing Joe Smith's emails, the hacker sends an email to Widget Co.'s customer, ABC Corp., advising that the payment instructions for invoices has changed and that all future payments on outstanding invoices should be wired transferred to a different bank in France.



As a result, ABC Corp. processes payments on invoices totaling \$87,000, by sending wire transfers for that amount to the new bank.



ABC Corp. uncovers the scheme, when an actual employee from Widget Co. inquires about the non-payment of the same invoices.

Contact **AMBA** today to learn how to best protect your company from this potential scam:

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