



Participants' *Indemnity Plan*



Email, Banking and Check Fraud Alert

November 2, 2023

EMAIL SPOOFERS & HACKERS STRIKE AGAIN

BE ALERT! In our Archdiocese, there are current online banking thefts occurring via email spoofing, email hacking, and by mail theft. Multiple locations within the Archdiocese of Milwaukee have reported spoofing and financial losses as recently as today.

A Spoofed email is an email that looks legitimate, but is not. It may be altered by just one number or letter or only the domain at the end of the email address is different. Hacked emails are the result of someone's email being hacked and a criminal uses it without the knowledge or consent of the account holder.

1. **Direct Deposit Email Spoofing & Email Hacking scams – Do not execute an email request for creating or changing banks for payroll direct deposits or vendor payments without authenticating the request.** Over the last few months, our parishes have been tricked by false emails that appear to originate from an employee or established vendor requesting a change in online payment instructions. Some are related to payroll direct deposits and others for vendor payments. The employee and/or company emails look legitimate, but are spoofed. The criminals will frequently engage you in an email conversation or even a telephone conversation in an attempt to increase the credibility of the fraud.

Always confirm a request that involves a change in banks/bank accounts by calling the person requesting the change, **using a phone number you have on file for them. Do not use the phone number or email provided in the email.** If you can't verify the banking change request with an in-person conversation through an independently verified phone number, do not make the change.

Two of the recent fraudulent email requests involved changing the bank account to the online bank named, *Green Dot*. Changing to any online-only bank should be a red flag! Always verify directly with the requestor as described above.

2. **Mail theft and falsified checks** - We have learned from parishes and vendors – and confirmed by Homeland Security - that there is an organized criminal gang in SE Wisconsin that is stealing both incoming and outgoing mail – specifically checks - from mailboxes. Some of these checks are being 'washed' and falsified and presented to a bank for cashing or deposit. With others, the appearance and information on the check is being used to create dummy checks that are then used in any sort of financial transaction. One of the falsified checks passed in the Archdiocese was caught by a bank employee while others were successfully negotiated, resulting in a loss for our members.

We urge all parishes and schools to contact your bank representative to add **Positive Pay with Payee Validation** for checks, and **Positive Pay for ACH** transactions, to your bank accounts. Many banks will utilize positive pay without payee validation if you are not specific.

A parish recently reported a falsified check that was cashed in July and not discovered until October. This check was stolen from the USPS mail at some point. The check payee was altered, but the check number, date and dollar amount were unchanged. Positive Pay without Payee Validation would not catch this.

In July, the Archdiocese Central Offices had an instance of a washed check presenting for deposit. It appeared to be one of our checks that had been altered. The falsified check was written for over \$60,000. Because of our positive pay filter, the fraudulent check was caught in the filter which required us to look at the check and determine whether or not it should be paid. There were quite a few red flags on the check, and we immediately reported it as fraudulent and stopped it from being processed through our account.

Mail theft and falsified checks are quite prevalent lately. In the Central Offices, there have been 2 in the last 3 months. Prior to the July incident, there hadn't been one for years.

If you haven't done so already, please reach out to your bank representative about Positive Pay options for your accounts. If you have general questions about positive pay for checking or ACH transactions, please feel free to reach out to Kim Kasten in the Archdiocesan Finance Office at 414-769-3326 or kastenk@archmil.org.