

FRAUDCAST

Welcome to the Summer issue of Fraudcast, the quarterly email bulletin produced by the North East Fraud Forum and Quantis, Chartered Accountants, bringing you the latest fraud news and developments in the UK and across the world. In this issue we concentrate on the increasing problem of Identity Theft.

NEFF UPDATE FROM PHIL BUTLER

Firstly a big thank you to our editor, Peter Smith of Quantis for once again producing a very interesting and useful edition. In this Fraudcast we look at what's happening with ID fraud and have everything from ID cards to Ricky Gervais! Mark Heath from Watson Burton and D.C. Julie Kinghorn provide excellent overviews and sensible advice on how to prevent ID Fraud and most importantly how to safeguard your personal details. For further advice have a look at our website, www.northeastfraudforum.co.uk

The Fraudcast is a great way to keep in touch and find out about what's happening in the NEFF: The Business Crime DVD is nearing completion (big thanks to the Small Business Service, GONE, UK Trade and Investment Partners for their financial support). We are just waiting for the voice over (someone with a very husky voice is being hired!) and have already started filming the money laundering DVD which is being jointly produced with the Institute of Money Laundering Prevention Officers. When both are completed we plan a glitzy film premiere to which you will all be invited (very Hollywood!).

There are lots of events happening in the near future, Corporate Fraud, Computer Crime and ID Fraud so check the web site for further details.

The South West Fraud Forum was launched recently at a Conference at the Taunton Cricket ground and had a really good turnout. Good luck to Frank Waghorn and the team, the East Scottish Fraud Forum now has it's steering group in Edinburgh and we are now working with the Home Office and regional Government Offices to replicate the Fraud Forum concept in the Midlands and the North West, so if you are from either of those areas and are interested in playing an active part, then don't hesitate to get in touch.

One bit of sad news to finish with. I'm sure that many of you will have heard that one of our founder members Stella Walsh died recently at the tender age of 40 years. Stella had a tortuous last 2 years of her life and yet went through it all with such grace and yet retained throughout her sense of humour. We saw her in hospital the week before she died and despite being in obvious discomfort she was still laughing and asking after everyone. On behalf of the members we made a donation to her nominated charity and sent our best wishes to her Mum and Dad. It follows on of course from the death of her close colleague and member Ron Peperdy. Both will be sadly missed.

ID FRAUD COSTS UK £1.3BILLION A YEAR

A quarter of UK adults have had their identity stolen or know somebody who's been a victim of ID fraud, according to a new report. Identity fraud, one of the fastest-growing crimes in the UK, costs the country an estimated £1.3billion a year and is a cause of concern to two thirds of people, according to the study from Which? A Which? Researcher managed to 'steal' Which? editor Malcolm Coles' identity with relative ease. He got hold of his birth certificate, his mother's maiden name, place of birth, mortgage value, a plan of where his flat is on his street, medical data and details of his shopping habits – even how often he visited the gym. An attempt to access his credit card account using this information was only foiled by the fact

that Malcolm hadn't got round to telling his bank he had moved. Mr Coles said, "I couldn't believe how easy it was for someone else to assume my identity. Sitting at my desk was a folder with my birth certificate, a print-out of how often I went to the gym and my mortgage details. If this is what an amateur can do, imagine how easy it is for an experienced criminal."

ID thieves gain access to bank accounts to steal money, run up bills, launder money or carry out benefit fraud. Internet scams include spam e-mails containing viruses that access information on people's computers, and e-mail that look like bank correspondence asking for people to 'confirm' their security details. Offline, thieves make bogus phone calls from 'banks' requesting security details or check suspected fraud, read credit card strips to clone cards or shop online, and even raid bins for sensitive documents – armed with some details, it's easier to get more. People do not necessarily think ID cards are the answer to the problem though. While the government claims that around 80% of the public is in favour of them, Which? found 70% in favour of a compulsory scheme. This support dropped to just 31% when they were told about the £35 fee, with 54% opposed.

WHITEHALL MOVES ON ID THEFT

The government is exploring ways that it can resolve the massive identity theft problem faced by auditors.

Auditors have been targeted by fraudsters, who register bogus companies using their details to obtain credit. The Department for Trade and Industry said it was 'aware that there was a problem' and that it was 'exploring if there was anything that can be done to resolve it'.

Suggestions have been made that the department could include legislation in the company law reform bill, which is back on the parliamentary agenda, although no firm proposal has yet been made.

The news of government intervention in the issue came as victims of the fraud, and representative bodies, called for more to be done.

Jonathan Ford, a director with Jonathan Ford & Co, which has been targeted in the past, said measures to protect companies did not tackle accountants' issues.

The Metropolitan Police said last week that companies and audit firms should sign up to Companies House Monitor, an online service alerting users when a company detail changes.

'It wouldn't address what happened in our case. What would prevent it is a system where an accountant was notified every time a document was filed in their name,' Ford said.

Peter Mitchell, chairman of the Society of Professional Accountants, said it should be more difficult to set up companies.

Paul Reynolds of Companies House said systems might be developed to combat fraud, but insisted any action should be proportionate: 'If we are talking about a lighter regulatory touch, we have to balance that against problems we might encounter.'

WHO WANTS TO BE YOU?

By Mark Heath, Head of Commercial Fraud, Watson Burton LLP, Law Firm

Consider the following statements:-

- "Almost three quarters (72%) of household rubbish bins contained the full name and address of at least one householder."
- "On average, one in every five bins contain a whole credit or debit card number that can be linked to an individual and 80% of these have an associated expiry date."
- "On average almost one in every five bins contained a bank account number and sort code that could be related to the full name and address of a household member."
- "On average, one in every six bins contained a whole utility bill."
- "Almost 75% of local authorities (53 out of 71) say that bin raiding occurs in their area. The remaining local authorities said that they were not sure that it took place. No local authority denied that it happened."

These are some of the findings of a survey carried out in the Nottingham area by the credit reference agency Experian. Can you say that its findings do not apply to you? If you cannot, then you could be a potential victim of identity theft – effectively someone pretending to be you (hopefully you are someone with a clean identity, a good credit history and a reputation of settling their accounts on time!) in order to commit a crime. The number of victims in the UK during 2004 were 120,000; a six-fold increase since 1999 and the numbers are growing fast. This costs the UK economy £1.6 billion a year. The odds are that it could be you next.

A person's identity (and their ability to prove it) is central to almost all financial activity. Lenders need to verify an identity before opening an account or issuing goods or services. They need to ensure that the person applying for credit is who they say they are and lives where they claim to live. Currently there is no single document to prove identity. This information is contained in many separate documents such as your passport, driving licence or bank statements. If fraudsters get access to enough information about you, they may be able to impersonate you and steal your identity. They could either open a new account or obtain new credit cards or loans using your identity, or 'take over' your own existing accounts by impersonating you and changing the address of your account. Alternatively, they may wish to take over your identity in order to drive while disqualified, work with children when they have a criminal record or to commit bigamy.

What are the signs that your identity is being used by someone else? Look out for being rejected for a loan despite having a good credit history. This could indicate that someone has taken a loan out in your name and defaulted on the payments. Similarly if debt collectors come round claiming that you owe them money when you know that you do not, if you fail to receive mail that you are expecting from your bank, if you try to claim welfare for the first time but are told that you are already on the dole or if you receive bills regarding items that you have not bought, you may well have been a victim of an identity thief.

An identity thief may use sophisticated technology to steal your identity. But, as stated above, he or she may also simply rummage through your bins or intercept your post. How can you avoid becoming another statistic? We recommend you take the following precautions:-

- Shred or otherwise destroy unwanted documents, including receipts or bank statements, before you throw them away
- Keep your personal documents safe and locked away. Consider lodging share certificates with your bank.
- When you are typing your pin number in the ATM or paying for items at the supermarket using a pin-machine, do so in a way people can't see your pin number.
- When you have finished using the ATM do not throw your receipt in the bins provided.
- Check your bank statements for unidentified transactions. Keep your financial details secure.

- If you move make sure you notify your bank and other financial institutions as to your change of address straight away. Keep an eye on your mail especially if you live in a building such as a block of flats where other people have access to your mail.
- If you lose your passport or driving licence, notify the issuers immediately.
- Regularly obtain a copy of your personal credit file from a credit reference agency, in particular three months after you move house.
- Remember that your bank will never ask for your pin number so do not give it to anyone.

Your identity is a valuable asset. Protect your personal details and think before you give them away.

SOME USEFUL TIPS AND CONTACTS

Julie Kinghorn, Economic Crime Unit, Northumbria Police

Identity Theft is big news at the moment with various horror stories circulating about what happens when your identity is stolen.

If you have your identity stolen it can cause months if not years to sort it out with the possibility of being blacklisted from receiving any sort of credit.

What can you do to prevent this?

1. Periodically check your credit reference file.

Write to any of the following companies:

Equifax Plc Credit File Advice Centre PO Box 1140 Bradford BD1 5US T: 0870 060 1414 www.equifax.co.uk	Experian Limited Consumer Help Service PO Box 8000 Nottingham NG80 7WF 0870 010 0583 www.experian.co.uk	Callcredit Plc Consumer Services Team PO Box 491 Leeds LS3 1WZ 0870 241 6212 www.callcredit.plc.uk
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The letter should include the following information:

Full name (including any other names e.g. maiden name).

Date of birth.

All addresses you have resided at in the past 6 years including postcodes.

Cheque or postal order made payable to the credit reference agency for £2.00

2. Check all financial statements to ensure the transactions made are yours. Any suspicious transactions contact your bank immediately.

3. Destroy all documents containing personal or financial information even if they are old. Invest in a shredder.

4. Never disclose your pin number for bank or credit cards and keep them and your passwords safe.

5. Stop junk mail, unwanted telephone calls and or faxes by registering free with the following:

Mailing Preference Service (MPS)

DMA House, 70 Margaret Street, London W1W 8SS

T: - 020 7291 3310 F: - 020 7323 4226

E-mail: - mps@dma.org.uk

Web: - www.mpsonline.org.uk

Register postal address to stop receiving unwanted adverts by mail

Telephone Preference Service

T: - 0845 0700707

To block cold calls. Once on list if cold called then complaints to the Office of the Information Commissioner.

Fax Preference Service (FPS)

DMA House, 70 Margaret Street, London W1W 8SS

T: - 0845 0700702 F: - 0845 0700705

E-mail: - fps@dma.org.uk

Web: - www.fpsonline.org.uk

Register your fax number to stop receiving unwanted marketing faxes

6. If involved in a business never send cheques or other financial documents in an envelope with a window. Most financial institutions no longer use this type of envelope nor do they use envelopes advertising their details thereby alerting the fraudsters trying to intercept the mail that financial documents may be enclosed.

Alternate the colour or type of envelope sent out every three months as fraudsters who intercept mail know what to look for, so changing for example from brown to white will prevent this.

7. Change passwords regularly. Do not choose obvious ones e.g. Your mothers maiden name as this is in the public domain and easily accessible.

8. When using your chip and pin card cover your hand as you tap in the number thereby depriving the fraudster of the most valuable piece of information needed if they have managed to skim your details.

9. Install firewalls, anti virus software and free anti-spyware programs to prevent hackers accessing your on-line banking details via your computer.

10. Never give out personal details over the phone to someone who has called you. Fraudsters will say they are from your bank/credit card company and ask for personal details "before they can speak to you" to ensure you are who you say you are, but how do you know they are who they say they are? Ring the financial institution back on the number you know not the number they provide and verify you are being called by them.

11. Cut up all old cards and close all accounts no longer used. Dormant accounts are targeted by fraudsters.

GERVAIS ACCOUNT FRAUDSTERS JAILED

Two identity thieves have been jailed after being found guilty of stealing £200,000 from comic Ricky Gervais. The fraudsters, who stole from a doctor, used a bank insider to transfer Mr Gervais' money into another account. Kenneth Speight was jailed for two-and-a-half years and Craig Reeves for two years for conspiracy to defraud. The court heard they stole Mr Gervais' identity by pasting his picture from his DVD onto a dead man's passport. Wood Green Crown Court heard the cash was to be used to buy 27kg of gold. But someone posing as Mr Gervais failed to convince the bullion dealer who raised the alarm, the court heard. The TV star was contacted and shown a copy of a fax authorising the transfer of £195,480 from his bank to bullion dealers Baird & Co in Stratford, East London. A few days later two couriers turned up to collect the gold but were greeted by police officers. Nat West assistant manager Sharonjeet Snober was cleared of any wrongdoing after saying her password at work must have been used to feed confidential details to the fraudsters. Courier Harry Peach was also cleared, after he told the court he was simply doing his job when he went to pick up the gold. A fifth defendant, courier company boss Mushtaq Javed, faces a retrial after the jury failed to reach a verdict on two conspiracy counts.

LEXISNEXIS ACKNOWLEDGES MORE ID THEFT

LexisNexis, which compiles and sells personal and financial data on US consumers, said that personal information on 310,000 people across the United States may have been stolen. The number is nearly 10 times higher than the figure LexisNexis disclosed in March when it first reported that its databases had been breached. LexisNexis said then that 32,000 people had been potentially affected by the breaches. In a press release on its website, the company said it will notify an additional 278,000 individuals whose data may have been stolen, adding that it is working with law enforcement authorities to see if any of the stolen data has been misused.

Letters are being sent to people who may have been affected by the security breach. So far, none of the individuals who were notified that some of their information was accessed last month have experienced and form of identity theft, according to the company. The firms' Anglo-Dutch parent Reed Elsevier said that identity thefts relate to the misappropriation of IDs and passwords from customers of its Seisint division, which provides information on consumers to third parties like collections companies and federal agencies. The latest disclosure comes after an investigation by Reed Elsevier determined that its databases had been fraudulently breached 59 times using stolen passwords. The thieves, who obtained information including addresses and social security numbers, did not hack into the computer system and although they were able to get hold of sensitive password information, the company says it is not certain how the passwords were acquired. ChoicePoint, an information clearinghouse similar to Seisint, was a victim of a similar scheme earlier this year. Thieves posed as real estate agents and the company then gave them access to personal information in its database.

FORTHCOMING NEFF MASTERCLASSES / SEMINARS

Corporate Fraud Masterclass – 8.30am – 11.30am Wednesday 15th June 2005 – Ward Hadaway, Sandgate House, 102 Quayside, Newcastle upon Tyne

Computer Fraud Seminar – 3pm to 8pm Tuesday 12th July 2005 – St James' Park, Newcastle upon Tyne

Identity Fraud Conference – one day event on Monday 5th September 2005 – St James' Park, Newcastle upon Tyne

Gambling / Betting Fraud Seminar – Wednesday 19th October 2005 – Newcastle Racecourse, followed by race fixture

NEFF TRAINING MODULES

Over 100 people have taken part in the NEFF training modules and the feedback from those who have attended has been excellent. In light of this NEFF are running the six modules for a third time on the following dates:

Module 1 -The Nature of Fraud – Tuesday 5th July 2005.

To introduce delegates to the various permutations of fraud and which agency or institution can help them.

Module 2 –Discovery – Tuesday 16th August 2005.

To introduce to delegates the techniques to identify and recognise at an early stage the key components of an offence. To appreciate what is required to demonstrate an offence and introduce delegates to the legislation, which covers fraud.

Module 3 -Investigation Management – Tuesday 13th September 2005.

To provide the delegate with a model to carry out fraud investigations in an ethical and transparent manner.

Module 4 -Interviewing Staff and Suspects – Tuesday 4th October 2005.

To enhance and develop the skill of investigative interviewing and to explain the different purposes and procedures when interviewing staff and suspects.

Module 5 -Options: Civil? Criminal? or Disciplinary? – Tuesday 8th November 2005.

To introduce delegates to the options available when deciding what to do when confronted with a fraud.

Module 6 -Evidence at Court and Procedures – Tuesday 13th December 2005.

To apply the delegate's skills successfully to the preparation and presentation of the case and provide the Court with sound witness testimony bolstered by supportive evidence.

Course fees are £150 per module or £800 for all six modules, a saving of £100. Further details are available via the NEFF website.

And finally ...

COOL-HEADED CASHIER BAFFLES BANK ROBBER

A bank robber who demanded £10,000 cash was baffled when a bank clerk told him he had got the wrong counter. The cool-headed cashier told the masked robber that if he wanted a loan he needed to go to a different counter. The robber, who had handed over a note demanding the cash, was left stumped by the move and fled empty-handed from the bank in the Austrian city of Graz. In addition, the cashier gave police such a good description of the robber that he was arrested minutes later. The robber admitted he had no idea how to react when he was told that he had the wrong counter.

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