

'Tis the Season to be Skeptical

The holidays are now in full swing, and unfortunately, so is fraud. I recently heard of several clients who were victims of Business Email Compromise (BEC) with losses exceeding \$1MM. The FBI explains that BEC occurs when a criminal sends an email message that appears to come from a known source. In the email, they make a legitimate request for payment or simply change an existing vendor address. The Association of Financial Professionals (AFP) does a fraud survey each year and their 2021 results show that most fraud losses are now BEC related and not check, card, or embezzlements losses. So, what does this mean for you as business owners? The short answer: it is important to stay skeptical. The longer answer: assume all emails or letters to be fraudulent until proven otherwise. The best way to mitigate this risk of loss is to perform call back verification to a known number you have on file for any new payment instructions or change in existing vendor payment data. This needs to be done even if you just spoke to them on the phone and received an email from them as expected. We hear stories more often than we'd like, from clients who have received compromised emails. There is no silver bullet solution, however there are many products and services out there that can help you reduce the risk of loss due to fraud. Banks, law enforcement, cyber security companies, and consulting companies can help you mitigate this type of loss before it happens to your company. If you haven't performed a risk review recently or adopted procedures that can help prevent these types of losses, I highly recommend doing so. Act today so your 2022 holidays are filled with joy, and not regret.

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