

# Crime & Extortion

The Modern Day Heist



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# Speakers

- ❖ David Lewison  
Kelli Artin  
Winston Krone  
Chris Liu  
Erich Kron  
Mike Sohn
- AmWINS, *moderator*  
Liberty  
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FBI



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# Why We Are Here Today?

- ❖ Law enforcement globally has received complaints from victims in every U.S. state and in at least 79 countries.
- ❖ From October 2013 through February 2016, law enforcement received reports from 17,642 victims.
- ❖ This amounted to more than \$2.3 billion in losses.
- ❖ Dominant players, China, Russia, Ukraine

# Introduction to Social Engineering

- ❖ Definitions:
  - Hacking
  - Phishing
  - Ransomware
  - Extortion and bullying
- ❖ Typical discovery of the problem
- ❖ Examples
- ❖ Statistics

According to the Internet Crime Complaint Center (IC3), FBI Los Angeles territory average estimated loss in 12 month period from 2014 to 2015 was \$14.6 Million USD PER MONTH

Average bank robbery loss in 2014 for the entire US was \$2.4 million per month



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# Crime Stats & Examples

- ❖ Industries at risk (biggest targets, most vulnerable)
- ❖ Who are the attackers
- ❖ Monetary demands and payouts, “should we pay?”
- ❖ Bitcoin
- ❖ Have businesses failed as a result?
- ❖ Stories....

# Business Email Compromise

- ❖ Subjects impersonate a business person and then direct the financial department/person to wire money on the pretense of a legit business deal
  - Not covered by the Financial Institution or insurance
- ❖ Subjects are also conducting various other INTERNET-ENABLED crimes including Romance Fraud, especially targeting Elders, Lawyer Scams, IRS Fraud, etc



# BEC Flavors

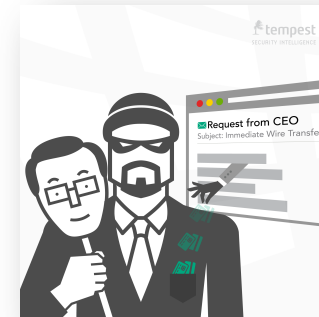
- ❖ Impersonates the CEO
  - Fake domain or spoofing of domains
- ❖ Intrusion and then send out invoices with fraudulent wiring instructions
- ❖ W-2
- ❖ Compromise real estate companies and steal YOUR ESCROW
- ❖ Many more to come



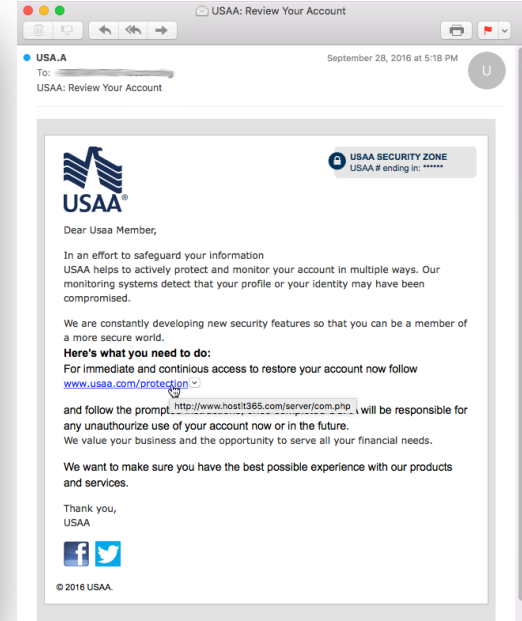
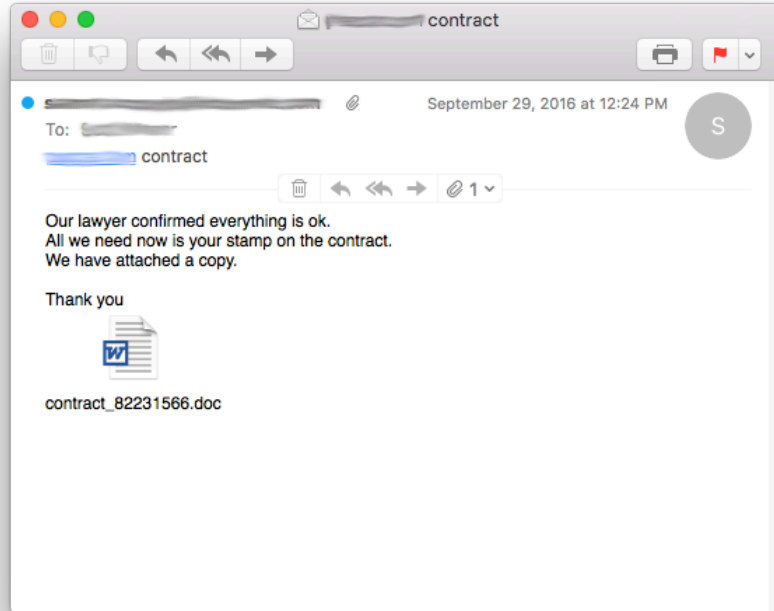
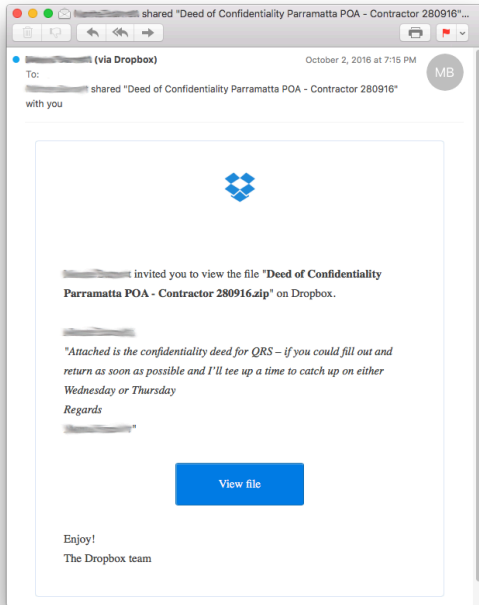


# Ransomware Versus BEC

	RANSOMWARE	BEC (IC3 - Reported Only)
Average Loss	\$200 to \$10,000*	\$130,000
Annual Loss (2015)	\$24 Million*	\$1.3 Billion



# Sample Phishing Emails

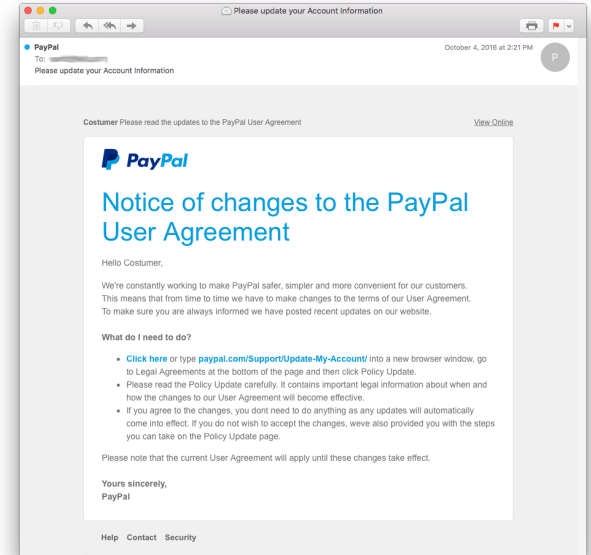
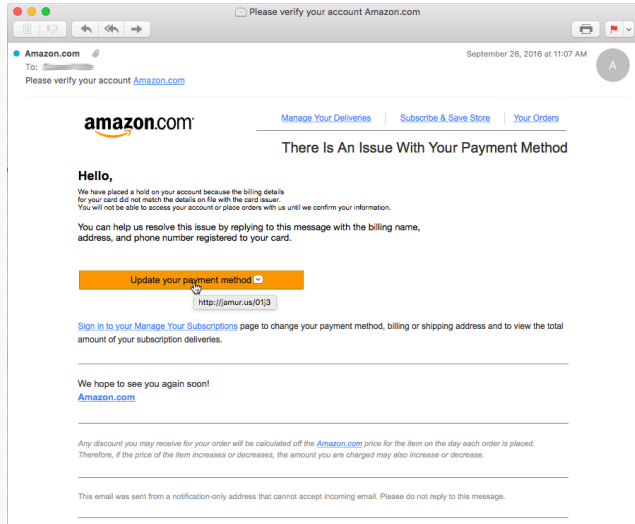
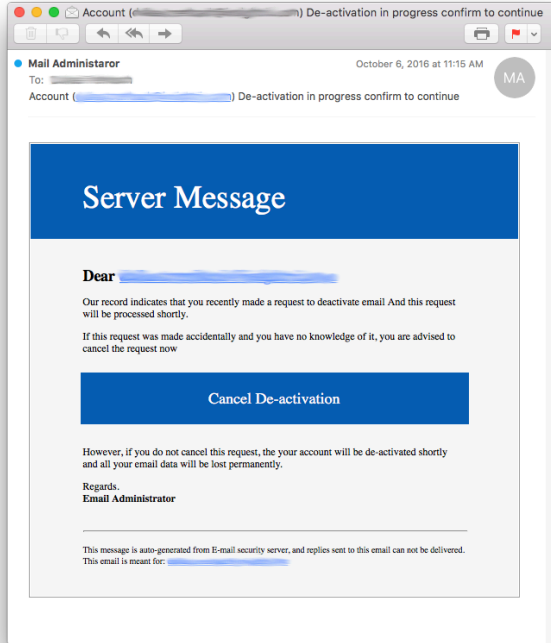


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# Sample Phishing Emails



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# Crime Examples

- ❖ US company (name was withheld) lost \$100mil to CEO Fraud. Only \$74mil was recovered
- ❖ Leoni AG was duped out of \$44mil by CEO fraud



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# Who Is Doing What?

- ❖ Foreign governments
- ❖ Competitors stealing
  - IP
  - Transaction/M&A Information
  - Technology
- ❖ Crime syndicates
- ❖ Planted employees?
- ❖ Planted malware?
- ❖ Ransomware and Bitcoin



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# Turn-Key Cyber Attack



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# Insurance Implications

- ❖ Crime vs Cyberliability
- ❖ Intentional Acts/Authorized Actors
- ❖ Stolen information of others?
- ❖ Coverage Triggers
- ❖ Insurable Interests
- ❖ Exclusions and Sublimits
- ❖ Is Ransomware a threat of harm or ongoing security event?



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# Spectrum of Theft and Insurance

- ❖ Bank robber (in person)
- ❖ Phone impersonation, inducing voluntary movement of money
- ❖ Email impersonation (fake, spam, phishing email) , inducing voluntary movement of money
- ❖ Email hacking impersonation (email account takeover) , inducing voluntary movement of money
- ❖ Hacking to divert payments (changing payment destination account numbers)
- ❖ Hacking to create payment instructions

# Risk Management

- ❖ Can social engineering be avoided?
- ❖ Benefits of training
- ❖ Employee scrutiny
- ❖ Software and Hardware
- ❖ Recommendations from Law Enforcement



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# Thank you

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