



INTEROFFICE MEMORANDUM

TO: [RECIPIENT NAME]
FROM: [YOUR NAME]
SUBJECT: RED FLAGS RULES
DATE: [CLICK TO SELECT DATE]
CC: [NAME]

Identity Theft

Identity theft is a crime where the perpetrator wrongfully obtains and uses the victim's personal data in a way that involves fraud, typically for personal gain. Some law-enforcement authorities have called identity theft the fastest growing crime across the country right now and approximately nine million Americans were victimized last year.

On May 30, 2013 the SEC passed Reg S-ID to combat identity theft and the attached procedures have been implemented to protect our clients.

Most of the red flags are common sense, but identity thieves are often fairly sophisticated and can prey upon the unsuspecting. **DON'T BE COMPLACENT!**

Compromised Email Accounts

Client email accounts are prime targets for identity thieves. We have all received numerous bogus emails from hacked email accounts, however, many are being used to fraudulently request money from an investment account. Here are some signs to be aware of:

Email addresses can be spoofed by changing the domain from .com to .net, adding a character to the address or domain, or substituting a character such as zero for the letter O. Be alert when receiving email message from clients and look at the email address and header. Many firms will require written authentication of a request. The FBI reports that given access to the subject's email account, many thieves were able to cut and paste the client's signature to the written authentication. In a typical scenario, the identity thief will send an email to a financial institution, brokerage firm employee, or the victim's financial advisor pretending to be the victim and request the balance of the victim's account. When the request for balance information is successful, the identity thief then sends another email providing a reason why they can only communicate via email and asks that a wire transfer be initiated on their behalf. The excuse is typically based on an

illness or death in the family which prevents the account holder from conducting business as usual.

Our procedures require confirmation of instructions by calling the client.