

Risk Monitoring Case Studies

Lessons from The Cage

The “Cage,” as it is affectionately known by CashEdge’s expert fraud investigators, is where all the risk monitoring magic happens. More than 15 full-time fraud investigators work out of the “Cage” and monitor every transaction that passes through the CashEdge system. It’s intense and the stakes are high, but CashEdge’s expert fraud investigators are intimately aware that fraudsters are getting more sophisticated and their scams more complex every day. CashEdge’s fraud investigators’ expertise and vigilance ensure that all CashEdge clients are protected and remain a step ahead.

Based on their extensive experience and by remaining always aware of the key elements of money laundering (placement, layering and integration), CashEdge fraud investigators never take an instance of fraud at face value. Instead, the CashEdge team approaches each case with the mindset that more lies beneath each case than just a single instance of fraud. Through this approach, the CashEdge team is able to identify suspicious and/or fraudulent transactions, and quickly locate, secure and mitigate further loss of funds for our clients.

Here are two recent examples of how CashEdge risk monitoring helps prevent fraud and protect all institutions within the CashEdge network — or as we like to refer to them, “Lessons from the Cage.”

A Quick Eye Saves the Day...and \$90k

A consumer signed up for an account at Bank A, their current financial institution, and initiated an inbound transaction using CashEdge’s FundNow® application. However, the \$95,000 in funds being pulled from Bank B was not theirs — the funds were being stolen. The true owner of the funds reported the loss immediately to Bank B, and the associated ACH return signaled CashEdge’s Fraud Investigation Team (FIT) to begin an investigation.

After thoroughly examining the accounts registered on the profile, the CashEdge investigator reached out to both banks involved. Through this collaborative process, the CashEdge investigator discovered that funds had been transferred to a third bank, Bank C, immediately after hitting the account at Bank A. The CashEdge investigator began calling the other accounts registered on the FundNow profile, and this process revealed that one of the banks had the vast majority of the stolen funds present. This information was promptly shared with investigators at Bank A, and a joint effort to lock down the funds began.

Shortly thereafter, it was discovered that funds were transferred from Bank C to a fourth institution. This discovery led to the successful recovery of \$90,000 in funds.

Everyone’s connected

After receiving an ACH return for \$950 from a small financial institution in Indiana, a CashEdge fraud investigator performed a standard link analysis. The link analysis investigates and identifies links between suspicious transactions and transactions occurring at all other institutions in the CashEdge network. In this instance, the link analysis revealed over 100 connections to 15 other financial institutions in the CashEdge network. The connections included more than 20 bank accounts, several dozen IPs (many from overseas), and numerous email addresses.

CashEdge fraud investigators believe that the goal was to continually layer funds then exit them out of a single account. However, this activity was thwarted by the thorough investigation carried out by CashEdge. Each connection found was thoroughly investigated and due diligence was performed to identify any compromise. At the end of the day, there was only one case where a loss was sustained, and it was for \$1,000 — which CashEdge absorbed; all other attempted transactions were stopped and linked profiles were suspended.

About CashEdge

CashEdge, a division of Fiserv, is the leading provider of innovative payments and aggregation solutions to financial institutions. These include Popmoney® person-to-person (P2P) payments, account transfers, account opening and funding, small business invoicing and payments, and financial account aggregation.

The Company is headquartered in New York City with offices in Silicon Valley and India. For more information, visit www.cashedge.com or www.popmoney.com.