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Fraud Alert

A credit union in Washington is reporting a large number of fraudulent online account opening attempts.

A Washington credit union has received more than 55 requests to open accounts, all for individuals reported to live within the state of Washington. Upon further review, the information provided about the applicants — including names, dates of birth, social security numbers, and addresses — is correct. The individuals committing the fraud also appear to have access to the victims' credit reports, as they were able to supply credit report-specific information, such as the names and payment amounts of victims' mortgages.

However, upon further review, the credit union was able to detect a few anomalies that indicated a potential issue. For example, the same email address, or variation of, was used to open multiple accounts. The drivers' licenses used also contained some inaccuracies, and did not fully match the formatting requirements used for drivers' licenses issued in Washington State (credit unions can use the [Department of Licensing's website](#) to verify if a WADL is valid). The credit union also looked into the IP addresses (via [this website](#)) used to submit the online applications and realized none of the requests originated in the state of Washington. Most of the requests came from locations in California, Kansas, New York, Oklahoma, Texas, and Nova Scotia. The applicants also used strange names to answer the question about the applicant's mother's maiden name. For example, some of the responses were listed as first names, and many of the account applications listed the same maiden name. For example, Sarah, Jack, and Anna were some of the maiden names supplied. Several of the accounts also listed Shade as the mother's maiden name.

Often, fraudulent account opening is followed by a request for some type of credit. In this case, a portion of the accounts requested expedited bill payments immediately upon account opening. The requests totaled more than \$280,000. Fortunately, the credit union was able to stop payment on the items before any funds were lost. However, credit unions that use a third-party bill payment system often have to pay the third-party provider for the stop payments on such items, which can still result in a loss.

Online account opening can make it difficult for credit unions to determine if they are dealing with a legitimate applicant or someone impersonating an applicant. While each credit union

should evaluate its online account opening procedures and the associated risks, there are some general red flags credit unions should be aware of:

- Multiple account opening requests received within a short time frame, especially if there are similarities between the accounts (similar IP, email, phone number, etc.).
- Multiple inquiries from other financial institutions on the Chexsystems or credit reports. Most individuals don't open multiple deposit accounts within a short period of time.
- Account opening requests followed by immediate account activity, such as bill payment, credit applications, etc., especially if some of the other red flags are present.
- If you are able to determine the IP address and it doesn't match the rest of the information provided by the applicant.
- If you require a copy of the ID used to be scanned/faxed to the credit union, carefully inspect the ID to ensure it looks legitimate.
- Follow your ID theft red-flag procedures. If there are any discrepancies between the credit report and the information provided by the applicant, use your procedures to identify why there is a discrepancy and mitigate the risk associated with that discrepancy.

As with any product or service offered, credit unions should ensure they have created a risk assessment of that product or service and implemented policies and procedures to help mitigate the associated risk.

#CUobsessed

Katie Clark CUCE, BSACS

Regulatory & Compliance Analyst

Northwest Credit Union Association

503.350.2221 • 800.995.9064 x221

www.nwcua.org

If your credit union needs to report fraud, please fill out [this form](#).

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Idaho Office: 2710 W Sunrise Rim Rd, Suite 100 • Boise, ID 83705

Oregon Office: 13221 SW 68th Pkwy, Suite 400 • Tigard, OR 97223

Washington Office: 18000 International Blvd, Suite 350 • SeaTac, WA 98188

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