

SCAMMED!- A cautionary tale and a defense strategy

Today's Topics

- About UC San Francisco
- How the Scam was Executed
- The Response: Immediate Stop Gaps and Long Term
Key Controls
- PaymentWorks Supplier Onboarding System
- FICO Risk Assessment

About UC San Francisco

- A graduate university with 4 schools in medicine, dentistry, nursing and pharmacy with 3,300 students, 1,500 clinical residents and 1,000 postdoctoral scholars
- In 2017, for the sixth year in a row, the UCSF School of Medicine is the top recipient of NIH funding among all medical schools in the country
- Received \$593.9 million funding in 2017
- UCSF Medical Center has been named among the nation's premier medical institutions for the 17th consecutive year, ranking as the fifth best hospital in the country and the top-ranked hospital in California, in *U.S. News & World Report's* 2017-2018 Best Hospitals survey

New Request
(Not available to individuals)

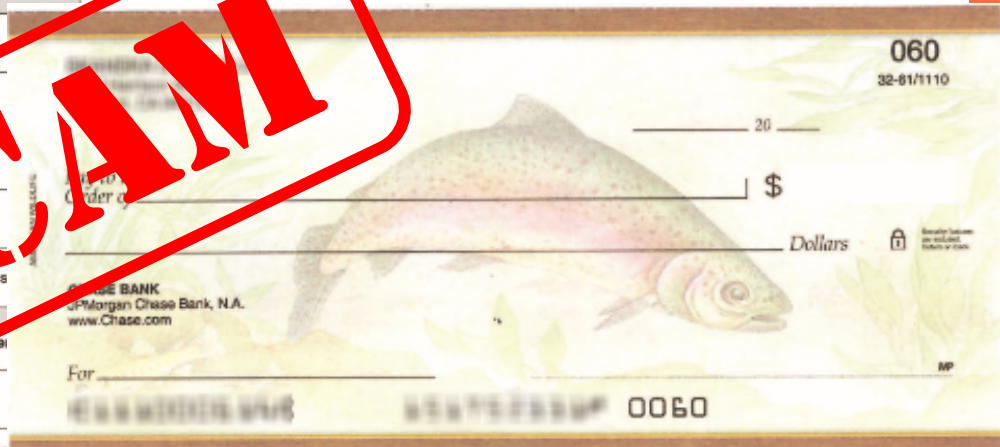
Account Change

Cancel

PAYEE/COMPANY INFORMATION		
NAME		
ADDRESS		
CITY, STATE, and ZIP+4 CODE		
1 OAKLAND, CA, 94612-3520		
A/R CONTACT NAME	A/R CONTACT PHONE	
RAUL ROSALES	510-400-5971	
BUSINESS EMAIL ADDRESS (for payment notification)	EMPLOYER ID NO (EIN)	DUNS NUMBER
RAUL.ROSALES@SKANSKA-BUILDING.COM		

FINANCIAL INSTITUTION INFORMATION (MUST BE A BUSINESS ACCOUNT)		
DEPOSITORY INSTITUTION NAME		
ADDRESS		
11222 S. SAM HOUSTON PKWY EAST		
CITY, STATE, and ZIP+4 CODE		
2 HOUSTON, TX, 77089		
TRANSIT ROUTING NUMBER	ACCOUNT NUMBER	
ACCOUNT TYPE	ACH FORM	
<input checked="" type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	<input type="checkbox"/> CTX <input checked="" type="checkbox"/> DD (skip to s	

FOR CTX ONLY		
Please note the option for electronic payment using CTX format requires initial testing to validate the payment is critical to provide the information below. The EDI Implementation Guide will be sent to the IT/EDI contact.		
3 IT/EDI CONTACT NAME	IT/EDI CONTACT EMAIL	IT/EDI CONTACT PHONE



IMPORTANT NOTE: The person signing the Authorization must be a designated officer from the Finance Department and a person other than the contact listed above.

AUTHORIZATION		
I hereby authorize the University of California San Francisco (UCSF) to initiate electronic transfer of funds to the account stated above using the National Automated Clearing House (NACHA) Cash Concentration or Disbursement (CCD) or Corporate Trade Exchange (CTX) for settlement of invoices. If funds to which I, or the company I represent, am not entitled are deposited in the account stated above, I authorize the University to initiate a correcting (debit) entry. This authorization will remain in effect until UCSF receives written notification of its termination. I understand payment details will be sent to the business email address provided above (applies to CCD only).		
4 SIGNATURE	DATE	
<i>[Signature]</i>	07/24/2017	
PRINT NAME	TITLE	
	CHIEF FINANCIAL OFFICER	

***** PLEASE ATTACH A VOIDED CHECK TO CONFIRM ACCOUNT INFORMATION *****

SUBMIT FORM AND VOIDED CHECK TO ANY ONE OF THE FOLLOWING		
5	EMAIL (preferred): vendors@ucsf.edu	MAIL: UCSF Supply Chain Management C/O Supplier Registration 1855 Folsom St Ste 304 San Francisco, CA 94143-0910

How the Scam Occurred

- Fraudster sent request to UCSF to update ACH electronic payment banking information
- Processed request as routine operating procedure
- Payment intended for a construction contractor issued to the fraudster's account

The Response

- Implemented immediate stop-gaps which prevented a second identical fraud the next day
- Police report and Risk Management insurance report
- Task force formed with senior leadership sponsorship
- Determine additional exposure
- Implement key controls to prevent recurrence of this type of fraud
- Risk mitigation solutions using sophisticated front-end and back-end systems

Fraud Attempt of \$4M Caught

Watch Items:

- Email format
- Suspicious address
- Poor grammar or words (foreign use)

Key Controls:


- Obtain positive confirmation from supplier on changes
- Compare old bank information on request form against existing record on file

From: Skanska USA Building Inc. <accounts@skanska-usa.com>
Sent: Monday, January 22, 2018 9:25 AM
To: Supply Chain Management - Vendors
Subject: Suppliers id: 00302354 Account update

Good Afternoon sir,
Following our conversation earlier we are notifying you that we have recently updated our payment system from cheques payments to electronic payment and we want you to change our payment method the last cheques we received is (Cheque no: 2985743--\$4007217.05 dated—12/21/2017, this cheque has not yet been cashed)
If agreed we will send you our account details for you to update so we can receive all invoice payments asap.

Kind Regards

Oliver Daniels
Accounts Department


Skanska USA
Empire State Building
350 Fifth Avenue
32nd Floor
New York, NY 10118
Telephone: +1 917 438 4500

Cheque

MAILSERVER NOTICE: This message contains confidential information and is intended only for the individual named. Skanska USA Building Inc. accepts no liability for the content of this email, or for the consequences of any actions taken on the basis of the information provided. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the Skanska USA Building Inc.. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited. If you have received this email in error please notify the system manager or the sender immediately and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message or any damage caused by any virus, which arise as a result of e-mail transmission. The recipient should check this email and any attachments for the presence of viruses.

Fraud Attempt of \$4M Caught



ACH Enrollment Form Electronic Funds Transfer Authorization



New Request (Not available to individuals) Account Change Cancel

201 S. Biscayne Blvd, Suite 100 Miami, FL 33131
Phone: (786) 235-9353
Fax: (305) 396-2690

January 23, 2018

PAYEE/COMPANY INFORMATION	
NAME C.D. Avila Pena (paymaster on behalf of [redacted])	
ADDRESS 1999 Harrison street, Suite 1950 Oakland	
CITY, STATE, and ZIP+4 CODE California 94612	
A/R CONTACT NAME Oliver Daniels	A/R CONTACT PHONE +1 510 285 1800
BUSINESS EMAIL ADDRESS (for payment notification) accounts@skanska-usa.com	EMPLOYER ID NO (EIN) 22-3752540
PREVIOUS BANKING INFORMATION (REQUIRED IF REQUESTING AN ACCOUNT CHANGE)	
DEPOSITORY INSTITUTION NAME Check Payments(Check No: 2985743)	
TRANSIT ROUTING NUMBER	ACCOUNT NUMBER
NEW BANKING INFORMATION	
DEPOSITORY INSTITUTION NAME citibank NA	
TRANSIT ROUTING NUMBER	ACCOUNT NUMBER
ACCOUNT TYPE <input checked="" type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	



University of California, San Francisco
505 Parnassus Ave
San Francisco
CA 94143, USA

Re: Account Verification

This is to certify that C.D. Avila Pena of 120 S. Biscayne blvd, Miami FL. 33131 maintenance the following account(s) with Citibank NA.

ABA Routing Number: [redacted]
Bank account Number: [redacted]
Type of Account: Checking

maintenance

We hear by confirm that the above information is true and correct.

Sincerely

hear by

Rudolf Ludwig
Account Manager

IMPORTANT NOTE: The person signing the Authorization must be a designated officer from the Finance Department and a person other than the contact listed above.

AUTHORIZATION	
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SIGNATURE 	DATE 01-24-2018
PRINT NAME	TITLE Accountant

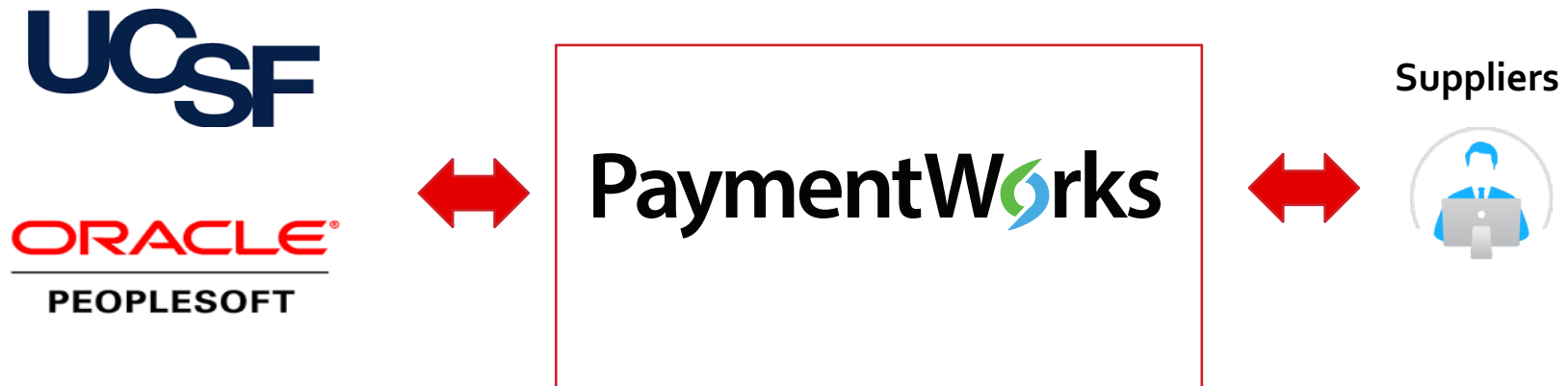
*** ATTACH A VOIDED CHECK OR BANK VERIFICATION LETTER TO CONFIRM ACCOUNT INFORMATION ***

SUBMIT FORM AND REQUIRED DOCUMENTATION TO ONE OF THE FOLLOWING	
5	<p>EMAIL (preferred): vendors@ucsf.edu</p> <p>MAIL: UCSF Supply Chain Management C/O Supplier Registration 1855 Folsom St Ste 304 San Francisco, CA 94143-0910</p>

Front-end System - PaymentWorks

PaymentWorks is an ERP agnostic, cloud-based supplier portal solution that automates all (or most of) the communications between companies and their suppliers around onboarding and information update

- Automate new vendor registration process through supplier portal
- Configurable business rules /controls/approval workflow
- ITS Tax Identification Number (TIN) check, debarred suppliers check
- Data integration with ERP



Falcon Assurance Navigator (FAN)

Next Gen in Fraud, Waste, and Abuse across procure to pay cycle

High-level Features



Monitor 100% of transactions in-line, real-time, across all phases across the procure to pay cycle



Apply different risk criteria for different state funds – enhanced financial management



Employ a two-pronged approach: expert rules and advanced anomaly detection algorithms



Review and prioritize transactions based on data-driven risk assessments

Transaction Types

T&E
Reimbursement

P-Cards

Invoices
(Ext./Int billing)

Procurement
(Req & PO)

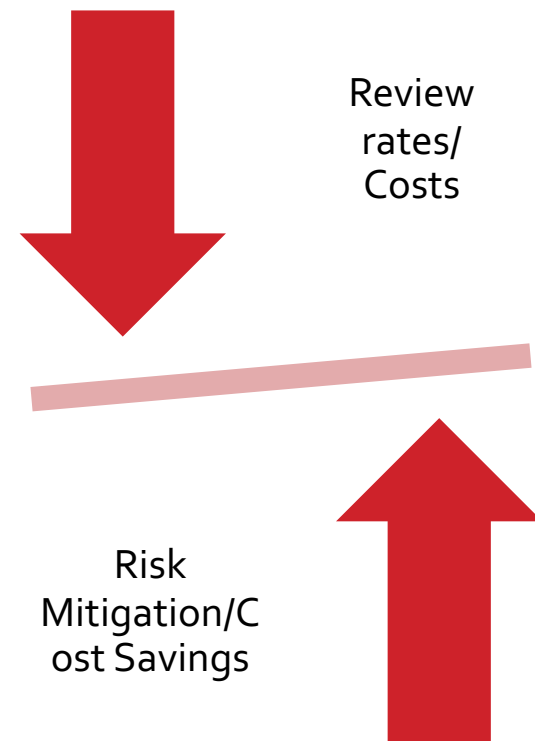
Risk-based Framework Components – High Risk Areas & Value Proposition

Compliance Risks (e.g. HIPAA, Data security/Privacy, PCI)

PO Leakage and Excessive Spend

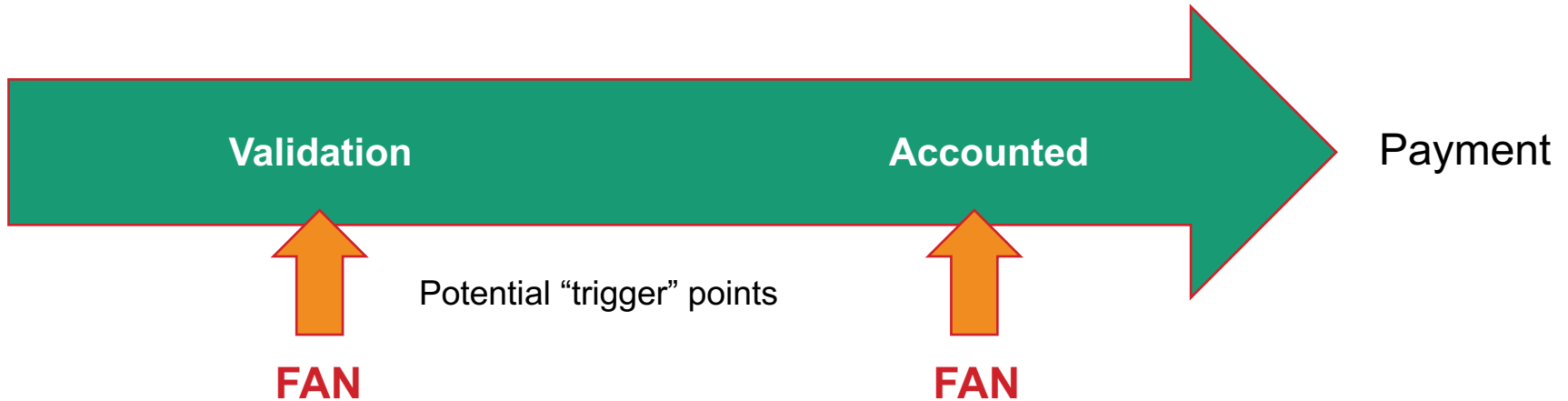
Funding sources – Unallowable Costs

Excessive Travel & Non-business related Reimbursement



In-line Vendor Monitoring (block payment)

Invoice Transaction Processing Workflow



FAN Vendor Strategies:



FAN – Risk Reduction & Cost Savings Use Cases

Risk Reduction

HIPAA

IT/Cloud

Open Source/IP

Use Cases

Low-\$, high-Risk Reqs

HIPAA (464 Reqs totaling \$359k – some lack BAA)

IT/Cloud (305 Reqs totaling \$353k)

Open Source (73 Reqs totaling \$65k)

Cost Savings

T&E (P-card/PO)

P-card (PO, Excessive)

Suppliers (Strategic – Consolidation)

Invoices (Non-PO, After the Fact, Duplicates, Supplier Fraud)

Use Cases

PO Leakage (per annum)

T&E (~\$3.5M PO spend)

P-card (~\$3.5M PO spend)

Supplier Fraud (~\$600k to \$10M)

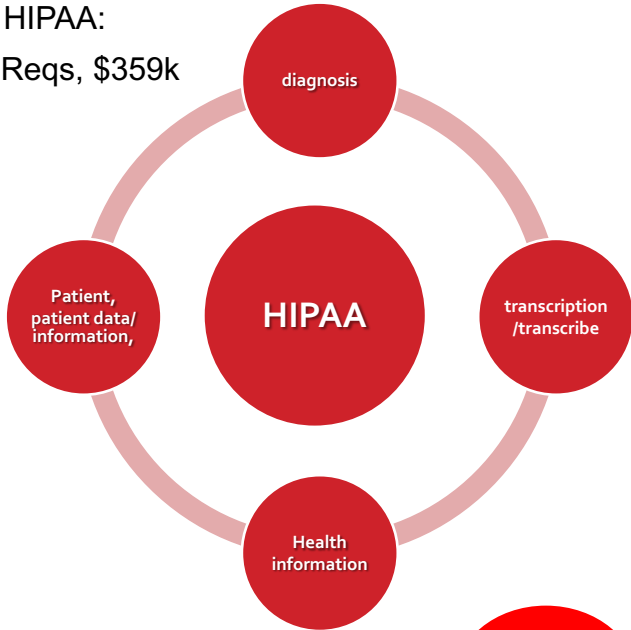
Invoices (Non-PO, After the Fact ~\$100M)

Invoices (Dups ~\$150k)

Requisitions – Key Word, < \$5k Count (compliance rules)

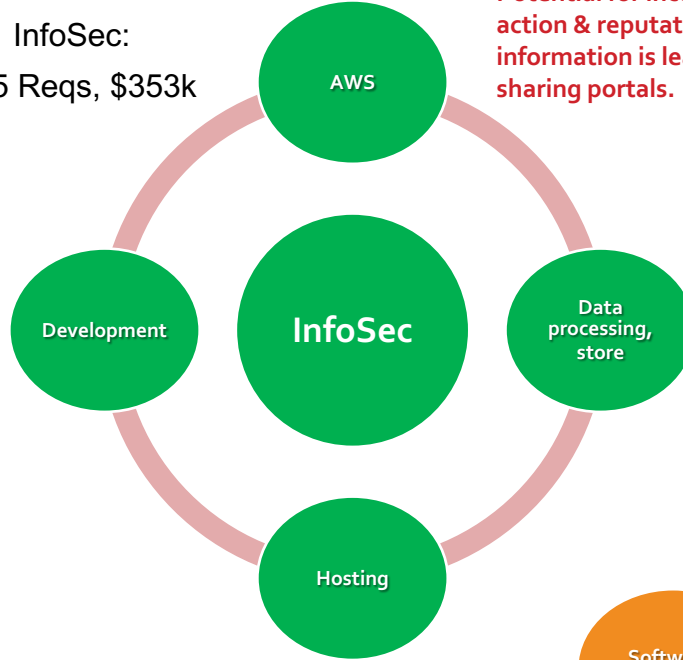
HIPAA:

464 Reqs, \$359k



InfoSec:

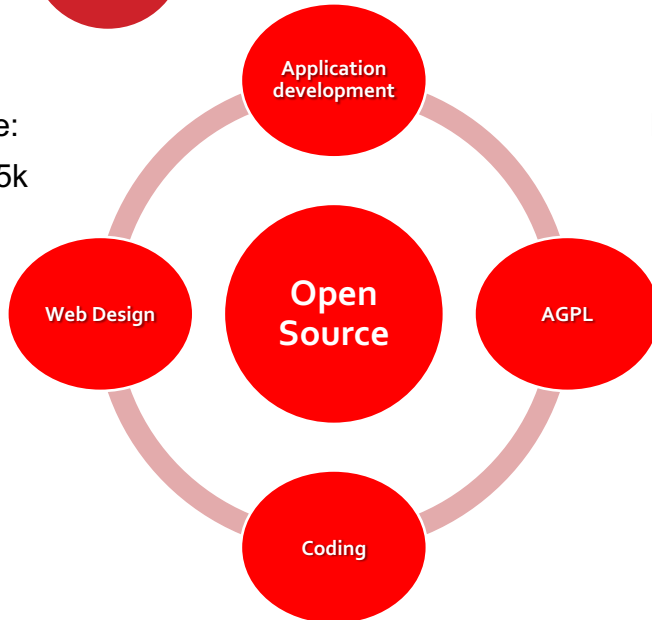
305 Reqs, \$353k



Potential for incurring legal costs, regulatory action & reputation damage if sensitive information is leaked through partners or data-sharing portals.

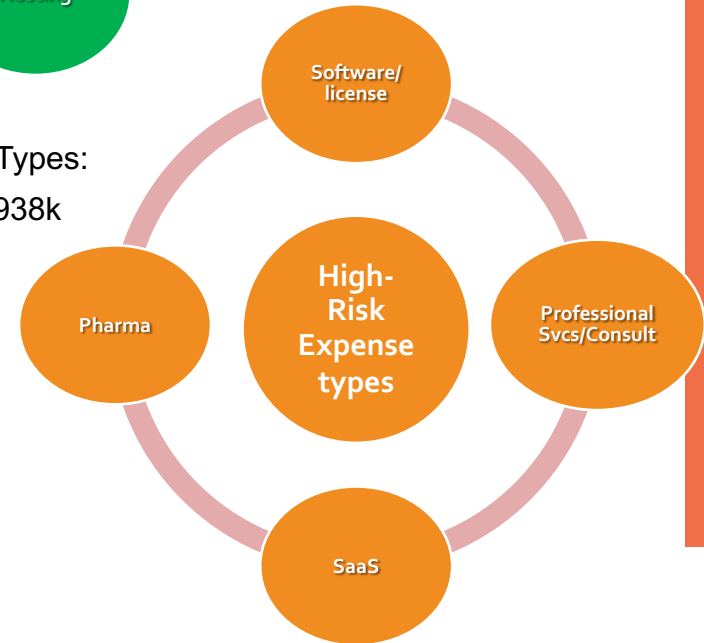
Open Source:

73 Reqs, \$65k

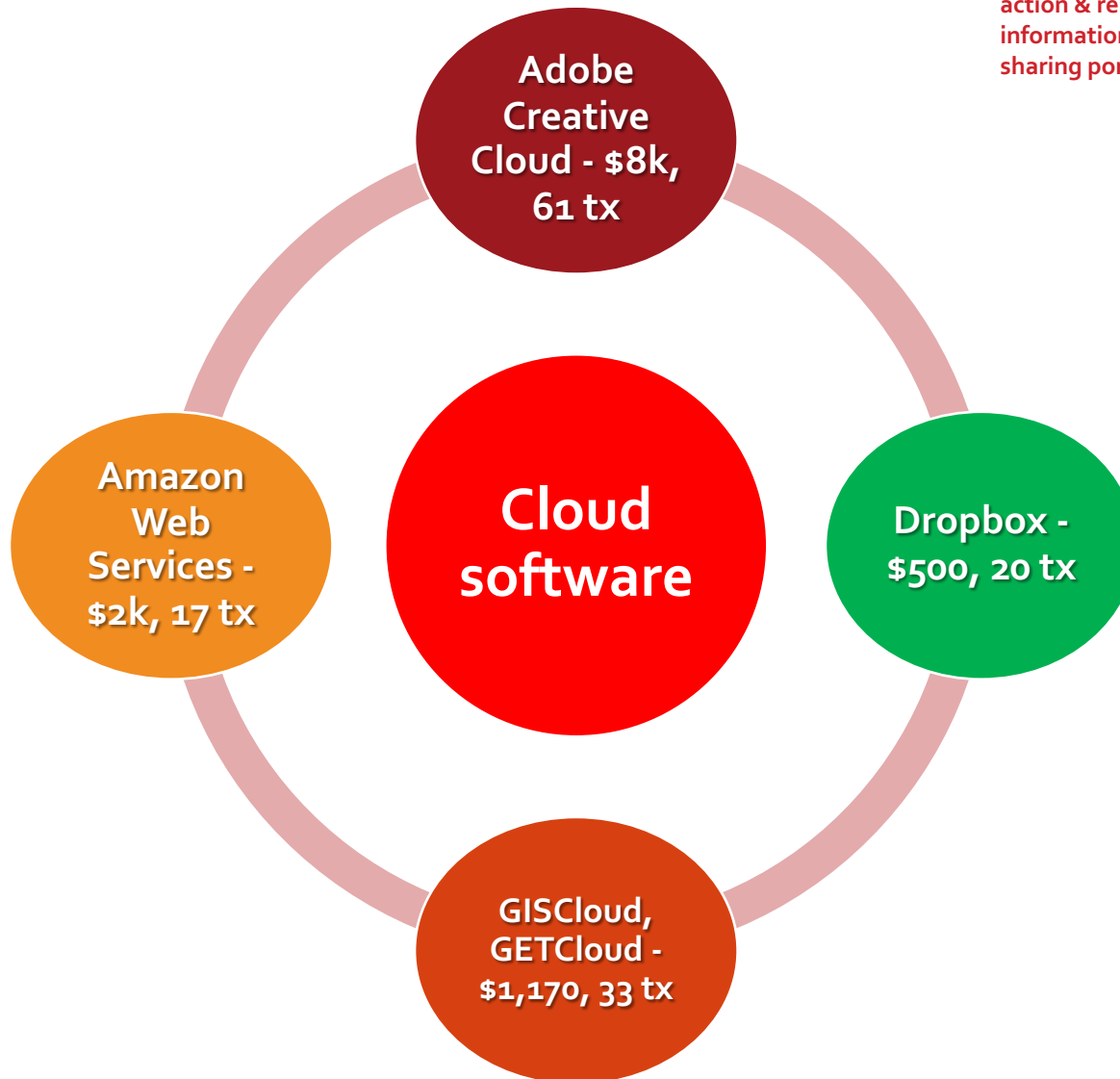


Risky Expense Types:

494 Reqs, \$938k



Pcard – Cloud Software purchases (~\$12k, 131 tx)



Potential for incurring legal costs, regulatory action & reputation damage if sensitive information is leaked through partners or data-sharing portals.



Presenters:

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