

HARRP NOTES

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Electronic Banking

If you personally write checks for home bill payment needs or your Authority writes checks as part of your day-to-day operations, pay particular attention to the growing threat of unauthorized withdrawals over the Internet and by phone!

If you write checks, you are susceptible to criminal access into your accounts. Simply by writing a check, you are providing all the necessary tools and information for someone to access your account, many times by phone, to authorize a withdrawal. Predominantly an exposure for consumer accounts, recent studies indicate that 38% of large corporations have reported unauthorized ACH withdrawals or attempted withdrawals.

While most everyone enjoys the convenience of online services, from that priceless trinket on EBay to on-line transactions with your banking institution, with convenience comes an increasing risk. Commonly referred to as an ACH (Automated Clearing House), these “paperless” transactions have increased exponentially over the last few years. Transactions or transfers are nothing new, banks and financial institutions have utilized this virtual fraud free method of moving funds from account to account, bank to bank for years. While this medium of transfer has been allocated to the banking industry as a whole, recent developments in software programs allow more and more consumers, and businesses, to perform their banking transactions quickly and efficiently through ACH’s. However, as the ACH popularity grows and the volume of ACH’s grows, so does the vulnerability of fraud and misuse.

Following the holidays, HARRP discovered that numerous ACH’s were executed by unknown parties. The withdrawals from HARRP’s account were successful, but only after small deposits were posted to our account to enable verification. Once the deposits cleared, large withdrawals were then made. This occurred over a very short period of time. Coincidentally, during the same period of time, HARRP also suffered it’s first incident of a fraudulent check being passed as one of ours.

HARRP has made full recovery of all of the funds that were drawn from our account. That’s the happy ending. The sad truth of the matter is that HARRP has dedicated over 90 hours of staff time dealing with the issue. On a national basis, most incursions, both on a personal and business level, restitution of the unauthorized withdrawals is highly successful. However, the time, energy and feeling of being violated takes a much higher toll than the withdrawal itself.

It is of the utmost importance to implement risk management tactics to safeguard your account(s). On a business level, inquire into supplemental software programs that filter suspicious or unauthorized access into your account. Simple communication with your bank institution on who is allowed ACH debits will go a long way to protect your account.

Additionally, indicating to your financial institution a “threshold”, which will pinpoint the maximum amount that can be electronically debited from your account will provide protection from withdrawals that could cripple your household and/or business. Most importantly, monitor and reconcile your accounts as often as possible. Most authorities on this subject matter concur that daily monitoring and reconciliation of accounts is necessary to identify and reverse any unsolicited activity. If you leave an unauthorized debit for more than two days without challenging it, the recovery becomes much more difficult.

HARRP has implemented several changes to our internal security to avoid the possibility of a recurrence in the future. This includes a debit filter that prevents withdrawals from our accounts from individuals and/or firms not previously authorized by HARRP. Secondly, is a cross check program between HARRP and our bank that allows both ends of the process to “talk” to each other. We provide a list of the accounts payable and when the checks are posted at the bank, they are compared with our list and any variation will trigger a required response from HARRP. Additionally, HARRP has enhanced its monitoring of our account for suspicious or unusual transactions.

We have been working with law enforcement to pursue prosecution. The case has been transferred from the local law enforcement agencies to the FBI Cyber Squad, due to Federal monies being involved and the fact the crimes crossed state lines. We have received preliminary word that the FBI may pursue prosecution, time will tell!

If you would like more information on our unsolicited and unwanted experiences with this event and what we have done to protect ourselves, you are encouraged to call the HARRP office!

✓ Loss Control Services

As you know, HARRP excels on providing the best in loss control services to our membership. We have developed an extensive array of services provided to you at no cost. These services range from video tapes to on-line training to safety checklists. Please refer to the HARRP website (www.harrp.com) for information or call us at 360/694-3500. It is because of your dedication and support of sound loss control activities that HARRP continues to be a viable and stable alternative to purchasing commercial insurance and we are here to assist in anyway we can to fulfill this goal!

✓ Training

Al Alvarez, HARRP's Risk Manager, is providing a new line of training geared to Meth Labs. In conjunction with Law Enforcement and drug lab remediation specialists, the presentation will take place at the regional NAHRO Conference from 9:00 AM to 12:00 PM on April 26, 2006. Be sure to join us for this worthwhile information. Additionally, HARRP is producing a day long seminar geared towards maintenance and supervisors, titled, “How To Clean a Suspected Drug User's Unit”. This presentation will focus on methods, products and equipment used by professional drug lab cleaning firms and will educate your staff members on the proper techniques and materials used to safely clean and protect both employees and tenants. HARRP is scheduling this training for the summer, date, time and location will be announced shortly! If you have specific training needs, please contact our office!

