

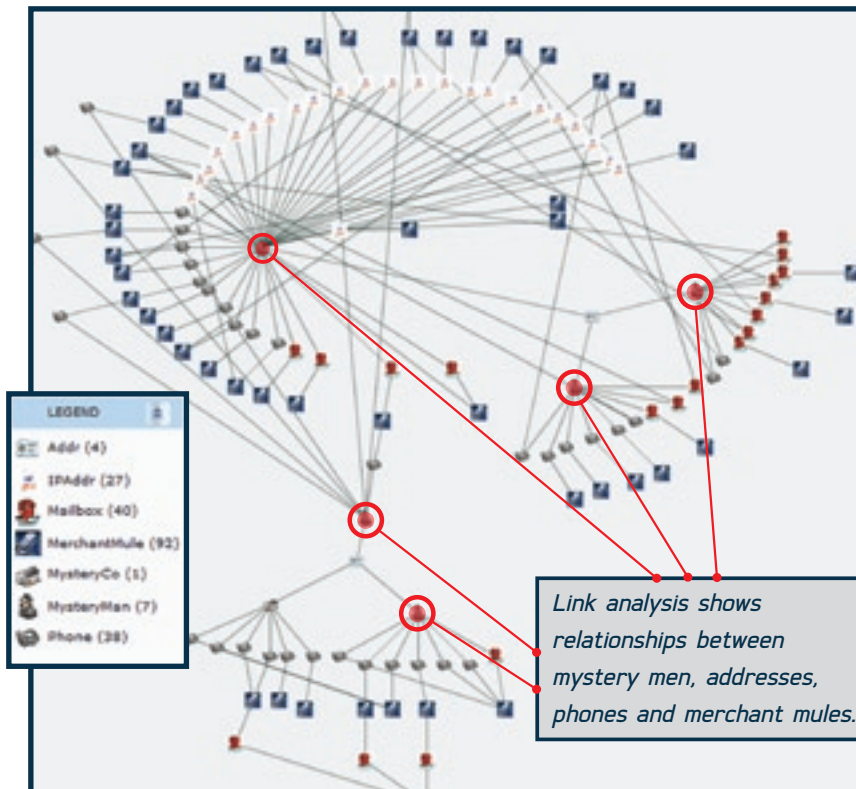


Safe Banking Systems Uses Centrifuge to Decode Complex Fraud Scheme

In the past, elaborate fraud schemes were hard to detect. Years could pass without accurate identification. Locating siphoned funds and those responsible was a daunting task.

Safe Banking Systems (SBS), a provider of anti-money laundering and compliance solutions, has changed all of this by taking forensic analysis to the next level. Using fraud analysis software from Centrifuge Systems, SBS was able to visualize a complex network of fraud linking names to sham companies, phone numbers, addresses and other information. This network of deceit is responsible for more than \$10 million in unauthorized charges on consumer credit and debit cards.

How did the fraud take place? The Federal Trade Commission alleges that at least 14 people in the US were paid to form 16 dummy corporations. They opened up bank accounts which received credit card payments and then transferred the money overseas. The fraud ring opened up 100 merchant accounts with companies that process charges to consumer credit cards. Once the fraud infrastructure was in place, they used credit card information obtained from identity theft victims to process more than one million one-time charges of \$10 or less.



Most consumers did not complain about the small charges but those that called the toll-free numbers on their bill found the numbers disconnected or were asked to leave a message. The scam was working with clockwork efficiency and flying below the radar until a high volume of small charges occurred in a specific state within a single month. These transactions caught the eye of a large merchant processor, which triggered action by the Federal Trade Commission.

Recognizing that other forms of analysis cannot uncover these hidden patterns of behavior, **SBS** used advanced link analysis software from **Centrifuge Systems** to decode the fraud network. By interactively analyzing data, derived from the Federal Trade Commission, SBS analysts detected unusual patterns of behavior and suspicious relationships.

SBS discovered that the fraudulent "mystery" companies all had general names, such as "Fax Services," and domain names with similar naming conventions.

After scanning FTC data, SBS used Centrifuge to identify relationships between "mystery men" named in the FTC injunction and specific company information. The mystery men used the information to setup bank accounts as part of the fraud scheme.



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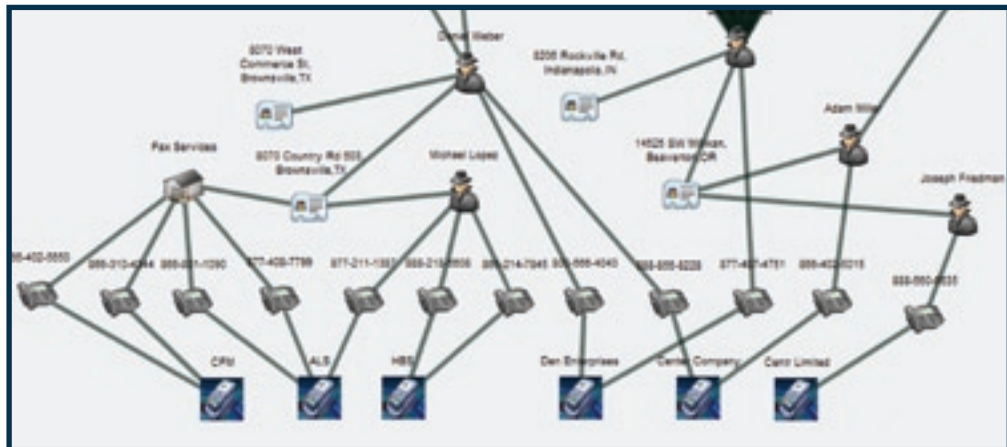
"With Centrifuge, we were able to identify hidden linkages in the data, ring leaders, waves of fraud activity and a money trail back to Cyprus, Bulgaria and other countries. Collusion between individuals involved in the fraud were spotted when we analyzed relationship graphs using Centrifuge. These insights will speed up investigations."

Mark Schiffer, VP and Chief Scientist, SBS

"Centrifuge is an integral part of the SBS Forensic Analysis Service and our tool of choice to visualize and explore data. With Centrifuge, we can analyze data to identify money laundering and fraud schemes faster than ever. Without this important technology, risks to consumers and financial services companies would be dangerously high. Centrifuge has allowed us to release new forensic analysis services with recommended courses of action that exceed market requirements. Centrifuge gives us a competitive advantage by delivering analysis that our competitors simply cannot provide."

David Schiffer, CEO SBS

Further, they were linked to PO Boxes and had toll-free numbers linked to the 14+ merchant mules and 16 dummy corporations.. Most merchant mule companies had acronyms for names. The fraudsters, referred to in the diagram as "mystery men" were linked to the same addresses and phone numbers, and these same phone numbers were linked to the same merchant mule companies. Discreet "bursts" of charge activity by time and geography were obvious. "Mail Agents" authorized to open US Mail, scan statements and post them for on-line viewing were assigned to the PO Boxes. Could this all be a coincidence? Experts in anti-money laundering and fraud analysis from SBS didn't think so. The investigation continues.



SBS used Centrifuge to identify different suspects purchasing toll-free numbers and supplying the same address in Brownsville, TX to register the numbers. These shared addresses and phone numbers show collusion, which may have occurred at the beginning of the fraud scheme when the tactics to conceal the truth were still relatively immature.

To learn more about Safe Banking Systems, visit www.safe-banking.com
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To learn more about Centrifuge Systems, visit www.centrifugesystems.com or call 571-830-1300

About Centrifuge Systems

Centrifuge Systems (www.centrifugesystems.com) provides advanced link analysis software and other forms of data visualization that help organizations discover insights, patterns and relationships hidden in their data. Centrifuge is used in some of the most demanding applications in the world, including counter-terrorism, homeland defense, cyber security, financial crimes analysis, fraud analysis, and other investigative analytics applications.

About Safe Banking Systems

Since 1998, Safe Banking Systems (www.safe-banking.com) has been "thinking ahead of the risks" to combat money laundering, terrorist financing, fraud and other criminal activity. SBS is a specialist technology provider of AML and compliance solutions to banks, non-bank financial institutions and corporations. With its proven methodology for continuous collective entity resolution and innovative SAFE Advanced Solutions®, SBS finds hidden risk and brings this expertise to clients worldwide.

