

MEMO# 15914

April 17, 2003

HOMELAND SECURITY NOTICE REGARDING AN ONGOING SCAM

[15914] April 17, 2003 TO: BANK AND TRUST ADVISORY COMMITTEE No. 5-03
BROKER/DEALER ADVISORY COMMITTEE No. 16-03 MONEY LAUNDERING RULES WORKING
GROUP No. 26-03 OPERATIONS MEMBERS No. 12-03 SMALL FUNDS COMMITTEE No. 15-03
TRANSFER AGENT ADVISORY COMMITTEE No. 41-03 RE: HOMELAND SECURITY NOTICE
REGARDING AN ONGOING SCAM According to an NASD Member Alert, the Department of
Homeland Security (DHS) has requested that the securities industry be alerted to an
ongoing scam involving the use of counterfeit or fictitious "bank" and "cashier" checks to
open online trading accounts.* As described in the NASD's Member Alert, this scam
operates as follows: One particular organization typically mails a check, a downloaded
application containing the fictitious/stolen identity, and two forms of altered identification,
after establishing the online relationship. This may involve speaking with a broker by
telephone. The victimized firms then deposit the check because it is believed to be official.
During the 10-day clearing period, the organization will trade. If the trading results in a
profit, they would then ask the firm to wire funds to an account held at a foreign bank. The
organization will also ask the firm to wire recently deposited funds (from the "check") to the
above-mentioned accounts, because they may have "over extended themselves". In
numerous cases, the firms have sent amounts of \$9,000- \$68,000. Persons with information
concerning this type of activity are asked to notify DHS Special Agent Erik Rosenblatt at
(646)230-3253. Tamara K. Salmon Senior Associate Counsel * The NASD Member Alert is on
the NASD's website at http://www.nasdr.com/mem_alert2003_04.htm.

Source URL: <https://icinew-stage.ici.org/memo-15914>

Copyright © by the Investment Company Institute. All rights reserved. Information may be
abridged and therefore incomplete. Communications from the Institute do not constitute, and
should not be considered a substitute for, legal advice.