

Defending Against Business Email Compromise

Business email compromise (BEC) fraud is conducted by sophisticated organized crime groups who use email to trick your employees into sending fraudulent payments by impersonating your executives, business partners or vendors. BEC fraud can result in devastating financial losses for an organization.

We are here to help our clients combat fraud attempts through ongoing education, using analytics to screen for unusual payments, and working with clients to attempt to recover funds after fraud occurs. However, stopping fraud and potential losses takes more than just our team. You should also implement strong security protocols within your organization, such as:

- Regularly educate your executives and payments staff about BEC and how they can help prevent it.
- Implement robust payment and information technology controls.
- Develop a BEC response plan that includes prompt reporting of all instances of payment fraud to us. While there are no guarantees that funds can be recovered once they are sent, the faster a report of fraud is made, the better the recovery chances.

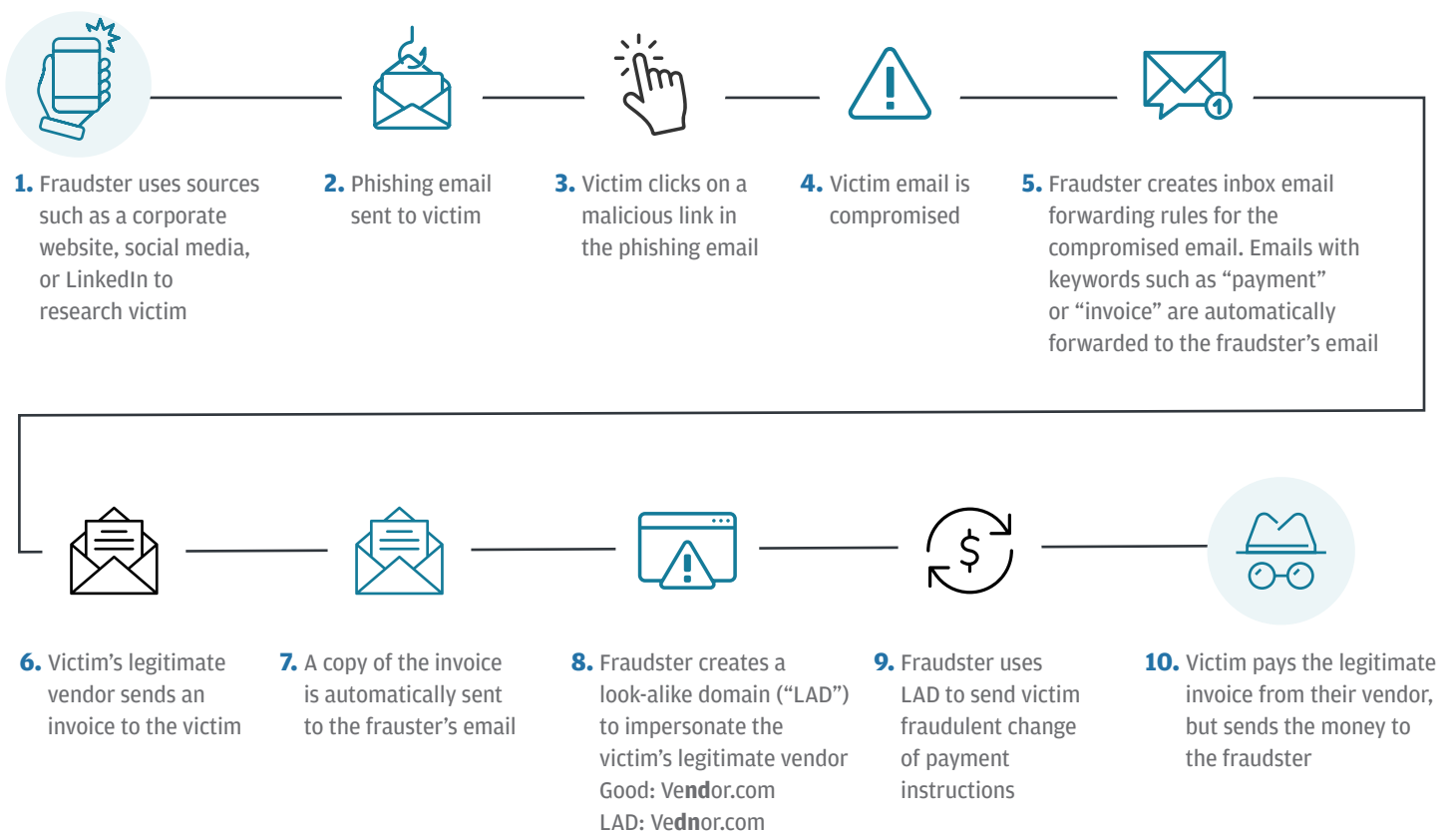
It is important to take phone calls from us regarding unusual transactions very seriously. That phone call could be your last chance to avoid fraud losses! Commercial Banking clients are liable for all losses incurred for payment originating using any authorized users' security credentials or the credentials of others who have designated transaction authority.

We have prepared this guide to help you protect your organization. Inside these pages you will find:

- Anatomy of a BEC attack and how criminals launch a fraud scheme.
- Strong callback validation procedures to help prevent fraud losses. Failing to do callbacks or doing them incorrectly can result in significant fraud losses.
- How to do your part when we call about an unusual transaction.
- Recommendations on how senior leaders and management can help prepare their organization to combat BEC threats.
- Tools for payments employees to help prevent BEC.

Anatomy of a BEC Attack

Your email account is a favorite target for cybercriminals. Hacking into your email is easy and criminals often go unnoticed until it's too late. We created this anatomy of a common BEC attack to show how criminals methodically find their targets.



J.P.Morgan

Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, “JPMC”) and if and as used herein may include as applicable employees or officers of any or all of such entities irrespective of the marketing name used. This material is provided for educational and informational purposes only and is not intended, nor should it be relied upon, to address every aspect of the subject discussed herein. The information provided is intended to help clients protect themselves from cyber fraud. It does not provide a comprehensive list of all types of cyber fraud activities and it does not identify all types of cybersecurity best practices. You, your company or organization are responsible for determining how to best protect against cyber fraud activities and for selecting the cybersecurity best practices that are most appropriate to your needs.

This does not constitute a commitment by any JPMC entity to provide any product or service. All trademarks, trade names and service marks appearing herein are the property of their respective registered owners. Prior to making any financial or investment decisions, a client or prospect (“Client” or “you” as the context may require) should seek individualized advice from financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of the Client’s own situation. Products and services may be provided by banking affiliates, securities affiliates or other JPMC affiliates or entities. In particular, securities brokerage services other than those which can be provided by banking affiliates under applicable law will be provided by registered broker/dealer affiliates such as J.P. Morgan Securities LLC, J.P. Morgan Institutional Investments Inc. or by such other affiliates as may be appropriate to provide such services under applicable law. Such securities are not deposits or other obligations of any such banking affiliate, are not guaranteed by any such banking affiliate and are not insured by the Federal Deposit Insurance Corporation. Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries.

Help Dial Back Business Email Compromise (BEC)

In the ongoing fight against payments fraud, the only thing more important than performing a callback is doing it properly—here's how.

Sophisticated cybercriminals continue to steal large sums of money from organizations of all sizes through business email compromise (BEC)—but a proper callback process can help stop these schemes dead in their tracks. An appropriate process requires an employee, typically a payments staff member, to pick up the phone and validate new payment requests, requests to establish a new bank account, changes to payment instructions and changes to contact information.

Train your employees to:

- ▶ Follow controls for the validation of new or revised payment information.
- ▶ Understand how BEC scams work and what they can do to help prevent them.
- ▶ Never trust emails, texts, or unsolicited phone calls alone to authorize payment requests or change contact information.
- ▶ Escalate any concerns if a payment seems suspicious—even after performing a callback.
- ▶ Be very suspicious if a vendor offers vague reasons for changes to a new account, such as tax audits or current events, e.g., “Due to COVID-19, we need to update our payment information...”



IMPORTANT

Callbacks should be made to the actual person making the request using a phone number retrieved from a system of record.

- ▶ Be wary of vendors who frequently change payment instructions. Fraudsters will sometimes provide several different accounts to victims during a BEC fraud attempt.
- ▶ If you receive a call from your financial institution asking you to validate an unusual payment, take it seriously. It could be your last chance to stop a fraudulent payment before it's too late.



Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, “JPMC”) and if and as used herein may include as applicable employees or officers of any or all of such entities irrespective of the marketing name used. This material is provided for educational and informational purposes only and is not intended, nor should it be relied upon, to address every aspect of the subject discussed herein. The information provided is intended to help clients protect themselves from cyber fraud. It does not provide a comprehensive list of all types of cyber fraud activities and it does not identify all types of cybersecurity best practices. You, your company or organization are responsible for determining how to best protect against cyber fraud activities and for selecting the cybersecurity best practices that are most appropriate to your needs.

This does not constitute a commitment by any JPMC entity to provide any product or service. All trademarks, trade names and service marks appearing herein are the property of their respective registered owners. Prior to making any financial or investment decisions, a client or prospect (“Client” or “you” as the context may require) should seek individualized advice from financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of the Client's own situation. Products and services may be provided by banking affiliates, securities affiliates or other JPMC affiliates or entities. In particular, securities brokerage services other than those which can be provided by banking affiliates under applicable law will be provided by registered broker/dealer affiliates such as J.P. Morgan Securities LLC, J.P. Morgan Institutional Investments Inc. or by such other affiliates as may be appropriate to provide such services under applicable law. Such securities are not deposits or other obligations of any such banking affiliate, are not guaranteed by any such banking affiliate and are not insured by the Federal Deposit Insurance Corporation. Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries.

When JPMorgan Chase Calls

Business email compromise attacks have resulted in multimillion dollar fraud losses for our clients. Helping to keep you from becoming the criminal's next victim requires a team effort between your organization and JPMorgan Chase. One way we help protect your organization from fraud is alerting you to any irregular transactions so we can discuss them with you.

This may be your last chance to stop fraud losses! Educate your payments staff to take our phone calls very seriously. These calls are a warning that a payment could be fraudulent.



- **Always perform a proper validating callback** using a phone number from a system of record in response to any email requesting a payment, change of payment instructions, or change of contact information. Never trust email alone!
- **If we call you about a transaction**, double check that your controls have been properly executed. Do not assume a callback has been performed.
- Understand that once a payment has been released, **there are no guarantees the funds will be recovered.**
- **Keep your contact information up to date** if we need to reach you.
- **Do not trust payment instructions provided from a business partner.** Always validate that whoever is providing the instructions has performed a separate validating callback to the actual requestor.

A successful partnership involves diligently reviewing any payments identified as unusual and performing proper validating callbacks to fight back against potential fraud losses.



J.P.Morgan

Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, "JPMC") and if and as used herein may include as applicable employees or officers of any or all of such entities irrespective of the marketing name used. This material is provided for educational and informational purposes only and is not intended, nor should it be relied upon, to address every aspect of the subject discussed herein. The information provided is intended to help clients protect themselves from cyber fraud. It does not provide a comprehensive list of all types of cyber fraud activities and it does not identify all types of cybersecurity best practices. You, your company or organization are responsible for determining how to best protect against cyber fraud activities and for selecting the cybersecurity best practices that are most appropriate to your needs.

This does not constitute a commitment by any JPMC entity to provide any product or service. All trademarks, trade names and service marks appearing herein are the property of their respective registered owners. Prior to making any financial or investment decisions, a client or prospect ("Client" or "you" as the context may require) should seek individualized advice from financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of the Client's own situation. Products and services may be provided by banking affiliates, securities affiliates or other JPMC affiliates or entities. In particular, securities brokerage services other than those which can be provided by banking affiliates under applicable law will be provided by registered broker/dealer affiliates such as J.P. Morgan Securities LLC, J.P. Morgan Institutional Investments Inc. or by such other affiliates as may be appropriate to provide such services under applicable law. Such securities are not deposits or other obligations of any such banking affiliate, are not guaranteed by any such banking affiliate and are not insured by the Federal Deposit Insurance Corporation. Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries.

Prepare Your Employees: Review, Train and Test to Help Prevent Business Email Compromise (BEC) Attacks

Try these six best practices to help safeguard your organization against BEC:

1. Review your email security practices

Talk to your senior technology leaders about:

- ▶ Multifactor authentication to provide additional security beyond usernames and passwords.
- ▶ Parameters to quickly detect email inbox forwarding rules that send all or selected emails to an external email address.
- ▶ Automatic labeling of external emails to help prevent the impersonation of employees.
- ▶ Robust email logging that can be leveraged for investigation in case of a successful BEC attack.

2. Train employees on BEC prevention

Teach employees how to identify and report suspicious emails relating to payment transactions. Stress the importance of performing callbacks to the person making the request, using a phone number from a system of record, for all payment requests, new accounts and account or contact information changes.



Over \$1.8B
in adjusted losses to BEC
in 2020 alone¹

3. Test your employees regularly

Establish an employee testing program with phishing and BEC attempts that appear to come from your senior leaders and trusted business partners.

4. Standardize validation for payments and account changes

Establish with your customers and business partners how changes in account information will be communicated and validated. Also confirm how you expect them to validate changes to your banking information.

5. Create a social media policy

Construct, implement and enforce a social media policy that prohibits sharing details about company roles and responsibilities, so cybercriminals cannot develop a picture of your corporate structure, including addresses to target your employees.

6. Protect your web domain

Consider hiring a firm that will notify you of web domains that have been registered to deceptively look like your own; cybercriminals can use lookalike domains in BEC attacks to trick your employees or business partners into diverting funds.



Develop a BEC Response Plan

The sooner you report a BEC attack, the better your chances of recovering losses. Be sure to have a plan in place to immediately notify your bank of the fraud, Make a report to the FBI's Internet Crime Complaint Center at IC3.gov, reach out to your local FBI field office, and contact local law enforcement. The plan should also include quickly engaging your IT and information security staff to determine if there has been a network or email compromise.

For more resources on how to protect your organization, visit the [JPMorgan Chase Commercial Banking website](#)

¹ FBI's Internet Complaint Center (IC3) 2020 Internet Crime Report

Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, "JPMC") and if and as used herein may include as applicable employees or officers of any or all of such entities irrespective of the marketing name used. This material is provided for educational and informational purposes only and is not intended, nor should it be relied upon, to address every aspect of the subject discussed herein. The information provided is intended to help clients protect themselves from cyber fraud. It does not provide a comprehensive list of all types of cyber fraud activities and it does not identify all types of cybersecurity best practices. You, your company or organization are responsible for determining how to best protect against cyber fraud activities and for selecting the cybersecurity best practices that are most appropriate to your needs.

This does not constitute a commitment by any JPMC entity to provide any product or service. All trademarks, trade names and service marks appearing herein are the property of their respective registered owners. Prior to making any financial or investment decisions, a client or prospect ("Client" or "you" as the context may require) should seek individualized advice from financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of the Client's own situation. Products and services may be provided by banking affiliates, securities affiliates or other JPMC affiliates or entities. In particular, securities brokerage services other than those which can be provided by banking affiliates under applicable law will be provided by registered broker/dealer affiliates such as J.P. Morgan Securities LLC, J.P. Morgan Institutional Investments Inc. or by such other affiliates as may be appropriate to provide such services under applicable law. Such securities are not deposits or other obligations of any such banking affiliate, are not guaranteed by any such banking affiliate and are not insured by the Federal Deposit Insurance Corporation. Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries.

5 Tips for Payments Staff: Help Protect Your Business Against Business Email Compromise (BEC) Attacks

As a payments employee, criminals will target you by pretending to be your CFO, CEO or a trusted contact at a known vendor. Try these five best practices to help protect your organization from BEC attacks.

1. Be wary of external emails

Handle emails from outside your organization with extreme caution, especially ones that ask you to click a link or open a document. If you do not recognize the sender or are not expecting the communication, do not click any links or open any attachments and immediately notify your IT or information security department.

2. Look closely at email addresses

Examine email addresses in the reply field to confirm they match the exact spelling of the originating company's domain and the individual's name. Fraudsters frequently use deceptive lookalike domains to trick victims. They may also use compromised email accounts, which can only be detected by performing a trusted callback to confirm the validity of the email.



76%

of organizations experienced
BEC fraud in 2020¹

3. Read emails carefully

Be highly suspicious of any email relating to payments or accounts that uses urgent language or provides excuses for the lack of a callback option. Other common examples of BEC red flags include poor grammar, punctuation, spelling and words such as “kindly send” or “kindly respond.”

4. Perform a callback

Always perform a callback to the person making a request using a phone number from a system of record when setting up a new account, processing a request for payment, changing payment instructions or changing contact information.

Essential Elements of a Callback

- ▶ Confirm all of the account details, including the new account number.
- ▶ Do not confirm payment instructions only via email. Always perform a call back using a phone number from a system of record to the person making the request.
- ▶ If a callback is not currently a part of your company's payment control process, try to implement one or escalate the issue to someone who can.

5. Follow up on unusual transactions

If you receive a call from your bank about an unusual transaction, pay close attention to the information provided and reconfirm that your organization performed all applicable controls, including a callback. Clients often confirm payments as valid only to later report them as fraudulent.



What to Do If You've Been Attacked

If you do fall prey to a BEC scam, immediately notify your bank of the fraud, make a report to the FBI's Internet Crime Complaint Center at IC3.gov, reach out to your local FBI field office, and contact local law enforcement.

The longer you delay in reporting the attack and engaging with the FBI, the lower your chances of getting your funds returned.

For more resources on how to protect your organization, visit the [JPMorgan Chase Commercial Banking website](#)

¹2021 Association of Financial Professionals Payments Fraud and Control Survey Report

Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, "JPMC") and if and as used herein may include as applicable employees or officers of any or all of such entities irrespective of the marketing name used. This material is provided for educational and informational purposes only and is not intended, nor should it be relied upon, to address every aspect of the subject discussed herein. The information provided is intended to help clients protect themselves from cyber fraud. It does not provide a comprehensive list of all types of cyber fraud activities and it does not identify all types of cybersecurity best practices. You, your company or organization are responsible for determining how to best protect against cyber fraud activities and for selecting the cybersecurity best practices that are most appropriate to your needs.

This does not constitute a commitment by any JPMC entity to provide any product or service. All trademarks, trade names and service marks appearing herein are the property of their respective registered owners. Prior to making any financial or investment decisions, a client or prospect ("Client" or "you" as the context may require) should seek individualized advice from financial, legal, tax and other professional advisors that take into account all of the particular facts and circumstances of the Client's own situation. Products and services may be provided by banking affiliates, securities affiliates or other JPMC affiliates or entities. In particular, securities brokerage services other than those which can be provided by banking affiliates under applicable law will be provided by registered broker/dealer affiliates such as J.P. Morgan Securities LLC, J.P. Morgan Institutional Investments Inc. or by such other affiliates as may be appropriate to provide such services under applicable law. Such securities are not deposits or other obligations of any such banking affiliate, are not guaranteed by any such banking affiliate and are not insured by the Federal Deposit Insurance Corporation. Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries.