

CLIENT MEMORANDUM

Wire Transfer Scam Impacting Companies

March 31, 2015

Over the past few years a sophisticated Internet scam has been perpetrated on a number of companies that involves what appears to be realistic instructions between the CFO, the CEO and the controller during the course of a transaction.

The chief financial officer of the target company sends an email to the controller of the target company, referencing an email that is set forth below in the email chain, from the chief executive officer of the target company to the chief financial officer requesting that a wire be sent by the company to a certain account. In the email, the chief financial officer instructs the controller to follow the instructions of the chief executive officer that are set forth below in the email chain and send the wire. The emails are fraudulent, but have every appearance of being actual correspondence between these executives. Reportedly, certain companies that do not have processes requiring telephone confirmation of wire requests have reportedly wired money to the specified fraudulent account. Undoubtedly, variations of this Internet scam have arisen and will arise in the future.

If such policies do not already exist, companies should consider instituting control policies requiring confirmation (by telephone or other reasonable manner) of (i) any request to wire funds outside the ordinary course of business or to any person or entity with whom the company does not regularly engage in business, and (ii) the initial establishment of wire instructions for payments to any person or entity or any change to these wire instructions.

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If you have any questions about this memorandum or would like additional information, please contact the Willkie attorney with whom you regularly work.

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