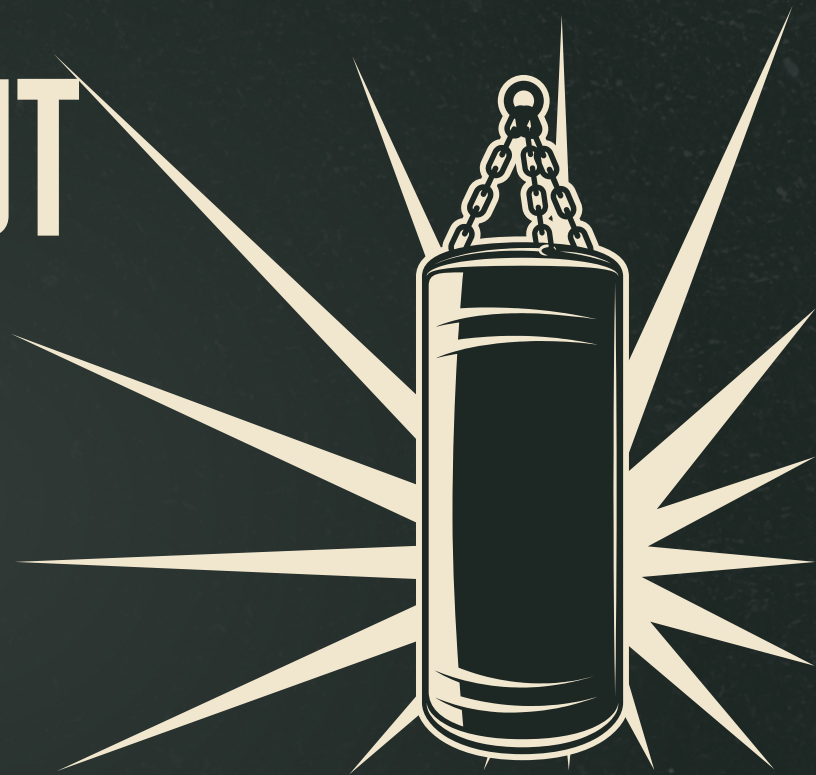


01

ROUND TABLE

KNOCKOUT FRAUD



Joette Colletts, VP of Risk Management
Allied Solutions

LITIGATION TRENDS

01

WRONGFUL
TERMINATIONS

02

OVERDRAFT CLASS
ACTION LAWSUITS

03

REPOSSESSION
CLASS ACTION
LAWSUITS

04

FAIR CREDIT
REPORTING ACT



WRONGFUL TERMINATION LAWSUITS

Avoid Claims & Provide Best Defense

- Conduct annual performance reviews
- Provide ongoing feedback and coaching

Employer Documentation Must:

- Clear and precise record of performance
- Honest communication about deficiencies
- Employee expectations
- Direction to succeed

Termination should not be a Surprise

- Proper action should have been taken and documented previously to discuss shortcomings



OVERDRAFT CLASS ACTION LAWSUITS INCREASING

Investigations by consumer's attorneys

Lawsuits are alleging breach of contract claims based on omission of terms and/or ambiguous language

- UDAP (unfair, deceptive, or abusive acts or practices) accusations
- Multiple NSF fees are charged on the same transaction
- Improperly charging NSF fees on the “available balance” versus “actual balance”
- Debit card signature-based transactions when preauthorization holds were placed on available funds
- Electronic payments (ACH) returns

BEST PRACTICES

- Review account agreement/disclosure to ensure it matches your practices and procedures
- Disclose the precise way fees are charged
- Watch for our **Risk Alert** on our Resources page

REPOSSESSION LETTER CLASS ACTION LAWSUITS

- Notices of Disposition & Notices of Deficiency
- Attorney has reviewed your notices with a clear written opinion
- Audit employees to make sure the notices are being completed correctly
- Notice of disposition
 - Borrower has right to redeem the vehicle until sold
 - Borrower liable for deficiency balance
 - Private Sale or Public Sale
 - Borrower may attend a public sale and bring others to bid
 - The charge for accounting is not higher than that allowed by the state mandate
- Notice of Deficiency
 - Future debits, credits and charges that may affect deficiency or surplus
- Dot the i's and cross the t's; it's critical to prevent this type of exposure

FAIR CREDIT REPORTING ACT (FCRA)

- Failure to follow investigation guidelines and the handling of disputes
 - Investigate in a timely manner - 30 days
 - Notify the CRAs that the account is being disputed
- Inaccurate reporting
 - Ensure information reported is accurate
 - Update the consumer's information timely
 - Ensure information is updated and correct after an investigation
 - Ensure closed and paid in full loans are updated
 - Zero balance (paid in full)
- Pulling a credit report for an impermissible use
- Inconsistent reporting to all (CRAs) Credit Reporting Agencies

OTHER LOSS TRENDS

01

PHYSICAL ATTACKS
ON ATM/ITMs

02

NEW ACCOUNT
FRAUD

03

PAYMENT APP
FRAUD

04

PLASTIC CARD
FRAUD

05

WIRE
TRANSFERS



PHYSICAL ATTACKS ON ATM/ITMs

ASSESS & INSPECT

CEN Rating

- Resistance to tool attacks
- Gas Explosive Protection

Alarms & Other Protections

- Safe Alarm
- Exterior audible alarm
- Strobe Lights
- Encased, barriers, anchored
- Safe Slot Reinforcement Kit
- Lights and Cameras
- Prevent easy runaway



NEW ACCOUNT FRAUD

- Stolen Identity or Synthetic Identity
- Risk Scoring (services based on score)
- Thorough Review of Credit Report
- Use Knowledge Identity Questions (KIQ)



PAYMENT APP FRAUD

Fraud Description

- Apps include: Zelle, Venmo, Cash App, Apple Pay, etc.
- Consumers are giving out their information
- Bad actors signing-up consumers for payment app
- Phishing, vishing or calling to obtain information from the consumer to set up payment app

BEST PRACTICES

- Educate members to validate identity of new person/company before transacting via app
- Push vendors to perform consumer authentication prior to ACH Credit going out
- Set dollar and number of transaction limits for transactions processed thru debit card

CARD FRAUD

Fraud Description

- 3DSecure fraud (online/card-not-present fraud) where the card issuer has no chargebacks
- Fallback fraud
- New account and account takeover requesting a card

BEST PRACTICES

- Confirm you're using 3DSecure (2.0 Visa)
- Find out why card-not-present fraud is not charged back
- Put rules in place - fraud monitoring system preventing multiple authorizations
- Test/probe fraud for multiple authorizations, same day
- Use dynamic layers of authentication

THANK YOU!

FOR MORE INFORMATION

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