



Red Flag Indicators Report

**Analysis of Major Media Stories that
Indicate Serious Breach of Internal Controls
Coverage - January to March 2017
4th Edition**

**Compiled by
VERITA Management Advisors Pvt Ltd**

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Preface

This publication aims to create awareness on the subject of Fraud Risk Governance. Fraud is a real risk impacting Indian organization in a big way. The techniques deployed by fraudsters are complex and usually masked in a web of falsehood, forgery and cheating.

Businesses find it very difficult to unearth frauds and serious control breaches therefore we believe that dissemination of Red Flag Indicators report and related information (primary goal of this publication) would assist in developing robust defense mechanisms.

It is famously said that forewarned is forearmed keeping this in mind our publication team has researched on newspaper and electronic media stories from leading portals on the subject of fraud and red flags. Post research a crisp compilation of red flag stories has been compiled for readers highlighting the nature of breach, quantum of impact and modus of the operator to the extent available in public domain.

This edition discloses several newer fraud cases about SIM Card Box Frauds, GST Refunds, CEO Email Hack etc.

We welcome your valuable feedback and review comments on this publication on pri.gawde@verita.co.in and shraddha.patil@verita.co.in

VERITA KNOWLEDGE MANAGEMENT TEAM

April, 2017
MUMBAI

1. 6 Africans Arrested for Card Fraud

Individuals: Erhmen Smart, Martin Godfry Nsamba, Nambooze Kayango Jolly and Tinah Thomas, Ajany Kehind alias Kenny and Oloadeji Olayemi and Vikram Rao Narayana Nikkam.

Sector: Duplicate ATM Cards

Nature: Duplication, Skimming

Modus: The case states that, the accused had stolen Debit and Credit card details of ATM users through Skimming machines and withdrew lacs of Rupees using duplicate cards.

Quantum & Impact: Preliminary investigations revealed the accused withdrew more than Rs 21 lakh in a span of less than two months using duplicate cards.

"A woman by the name Payal Mandal filed a complaint with police, saying unidentified miscreants had withdrawn Rs 94,318 from her account. Within a week, 11 more victims approached us, saying they had lost money in a similar way. We found that the details of their cards were stolen from an ATM in Kammanahalli, east Bengaluru. Cops said the accused would look for unguarded ATM kiosks. "After identifying such a kiosk in Kammanahalli, they took Vikram's help to fix the skimming device," a senior police officer said.

Source: Times of India

Web link: <http://timesofindia.indiatimes.com/city/bengaluru/bengalurean-6-africans-arrested-for-card-fraud/articleshow/57102194.cms>

2. Duo held for Rs 32 lakh fraud in credit society

Individuals: Sanjay Gaikwad and Pramod Patil

Sector: Credit Society

Nature: Misappropriation of Cash and Cheating

Modus: This appears to be the case of misappropriation of cash by offering fake loans to account Holders.

Quantum & Impact: A former manager and a cashier of a credit society's Kamothe branch have allegedly misappropriated Rs 32.19 lakh from 101 bank accounts.

The two accused are—Sanjay Gaikwad (48), the former manager and Pramod Patil(45) the cashier. Gaikwad was sacked after it was revealed during the audit that he had allegedly allotted fake loans to account holders.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/thane/duo-held-for-rs-32l-fraud-in-credit-society/articleshow/56361166.cms>

3. Gang involved in bank cheque fraud busted

Company: Housing Board

Nature: Forgery of signatures

Modus: The Accused Uses its influence among a section of officials and forges signatures of its top officials.

Quantum & Impact: A person identified himself as the official of construction firm authorized by the state housing board for construction of a multi- speciality hospital. The person presented a cheque of Rs 4.75crore for encashment.

The next case was reported from Pan Bazar, Guwahati where a contractor presented a forged cheque of Rs 33 crore. An agent of the gang deposited a Rs 8.57 crore cheque where signatures of both the housing commissioner and controller of finance of the housing board were forged.

Then a cheque is deposited to the housing department's accounts in a nationalized bank with forged signatures of the department's official signatories.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/kolkata/gang-involved-in-bank-cheque-fraud-busted/articleshow/56394564.cms>

4. Private bank duped of 9.9 lakh, six arrested

Company: Computer Science Corporation ltd.

Sector: Banking

Nature: Opening Fictitious Company, creating false identities

Modus: The accused opened salary accounts under a fictitious company name, got credit cards issued by creating false identities

Quantum & Impact: The anti bank fraud section of detective department has busted a gang of six, who duped the Barrackpore Branch of Axis Bank of Rs 9.9 lakh.

A bank official said, "Axis Bank identified irregularities during its internal probe and lodged the complaint. After that, the arrests were made. There has been no loss to our customers."

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/kolkata/private-bank-duped-of-9-9-lakh-six-arrested/articleshow/57801898.cms>

5. 4 EX-BANK OFFICIALS, 6 OTHERS BOOKED FOR SWINDLING RS 209 CR

Company: Syndicate Bank

Nature: Criminal conspiracy, Forgery and fabrication of documents.

Modus: This is the case in which the accused hatched a criminal conspiracy to avail home loans from bank by submitting forged & fabricated documents.

Quantum & Impact: The accused were identified as former Assistant General Managers -- A K Tiwari and AGM Adarsh Manchanda, Chief Managers - Santosh Gupta and Deshraj Meena who worked at the bank's Udaipur and Jaipur branch, the official said.

The funds disbursed by the bank's two branches were diverted and fraudulently siphoned off to the companies owned by the accused, allegedly causing loss of approximately Rs 209 crore to the bank, the official said.

“It was alleged in the complaint that the said accused availed home loans and credit facilities from Jaipur and Udaipur branches of Syndicate Bank on the basis of forged and fabricated documents,” CBI spokesperson RK Gaur said here.

Source: Daily Pioneer

Web Link: <http://www.dailypioneer.com/sunday-edition/sunday-pioneer/landmark/4-ex-bank-officials-6-others--booked-for-swindling-rs-209-cr.html>

6. CBI files case against Chandigarh-based company for cheating PNB for Rs 1,300 crore

Company/Individual: Kudos Chemie Ltd- Jitendra Singh, Kabir Sodhi and Gurmeet Sodhi

Sector: Banking

Nature: Criminal Conspiracy and Cheating using false and fabricated documents

Modus: This appears to be the case of siphoning off huge amount of money from bank using false and fabricated documents.

Quantum & Impact: The Central Bureau of Investigation (CBI) registered a case against a Chandigarh based company and three of its directors for allegedly cheating the Punjab National Bank (PNB) of over Rs 1,300 crore, under several offences including criminal conspiracy and cheating.

The case was registered following a complaint by PNB that the three directors along with several unknown persons siphoned off Rs 1,301 crore from the bank by siphoning off the credit facilities availed by them using false and fabricated documents.

The case has been registered against Jagdamba AMW Automotive Limited and its four directors for allegedly submitting fake and fabricated documents to avail credit facilities.

The CBI also conducted raids in Chandigarh and Mohali area in connection with the case.

Source: Hindustan Times

Web Link: <http://www.hindustantimes.com/punjab/cbi-files-case-against-chandigarh-based-company-for-cheating-pnb-for-rs-1300-crore/story-YkmJ2BOlvhBkVPTCEUHHyJ.html>

7. CBI Conducts Searches At 13 Places In Surat, Files 2 Cases Of Forgery

Company/Individuals: Branch Manager and Senior Manager

Sector: Banking

Nature: Criminal Conspiracy, Forgery and Opening Fake Bank accounts

Modus: It appears to be the case of opening fake accounts in order to deposit demonetised currency.

Quantum & Impact: CBI registered cases against bank officials, two businessmen and their associates for depositing over Rs. 60.5 crore in alleged fake bank accounts post-demonetisation. One case was registered against a branch manager and a senior manager of a nationalised bank in Surat along with an owner of a city-based private firm and unknown persons. In this case, it was alleged that the accused entered into a criminal conspiracy and committed forgery in the opening of bank account of a firm at Surat and a cash deposit of approximately Rs. 24.35 crores was made in the said account after November 8, 2016 by a proprietor of a Surat-based private firm.

• Another case was filed against the owner of a Surat-based private firm along with unknown officials of the main branch of a cooperative bank.

In the second case, it was alleged that the accused committed forgery in the bank account opening of a private firm and cash deposit of approximately Rs. 36.17 crore was made.

Source: NDTV News

Web Link: <http://www.ndtv.com/india-news/cbi-conducts-searches-at-13-places-in-surat-files-2-cases-of-forgery-1644371>

8. Rs 2 crore in demonetised notes seized in Thane, six detained

Individual: Private Bank employee

Sector: Banking

Nature: Converting Black money into white

Modus: It appears to be the case of conversion of scrap currency into new notes for commission.

Quantum & Impact: In two incidents, police detained six people and seized Rs 2.33 crore in demonetised currency on Saturday.

In the first incident, acting on a tip-off, police laid a trap and detained a private bank employee from Retibunder area in Kalwa and recovered more than Rs 97 lakh in demonetised notes from him. The bank employee told police that he had got the old currency from a Kandivli resident and he was promised 50% commission for exchanging the currency with new notes.

In the second incident, a team from Vartak Nagar Police Station nabbed five persons carrying Rs 1.36 crore in old notes at Upavan Lake.

Also, police seized Rs 2.25 crore and detained six persons in three incidents in Thane.

Source: NDTV News

Web Link: <http://www.ndtv.com/india-news/income-tax-investigates-rajkot-bank-that-got-rs-871-crore-deposits-in-old-notes-1646443>

Company: Rajkot based cooperative Bank

Sector: Banking

Nature: Opening bank accounts without proper documentation.

Modus: This is the case of opening bank accounts post currency scrap with same mobile numbers. Also the deposit slips filled to deposit such currency into these account were not bearing signatures of depositor.

Quantum & Impact: The Income Tax department has detected huge alleged discrepancies in the transactions of a Rajkot-based cooperative bank where Rs. 871 crore deposits were made, over 4,500 new accounts opened and more than five dozen accounts having same mobile number initiated.

Officials said the department's investigation till now has found that a cash deposit of Rs. 871 crore, majorly using the old notes of Rs. 500 and Rs. 1,000, was made in this bank. The sleuths have identified at least 25 high value cash deposits post demonetisation where Rs. 30 crore monies have been transacted in an alleged suspicious and unsatisfactory manner and in accounts with purported weak KYC norms in place.

I-T analysis report prepared in this regard states that Rs. 10 crore funds were deposited in a number of "dormant" accounts post the currency scrap, including in that of a petroleum firm where Rs. 2.53 crore was deposited. A total of "4,551 new accounts were opened in the bank post demonetization as against the average 5,000 of such accounts usually opened in the full year and 62 of these were opened using one mobile number."

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/mumbai/rs-2-crore-in-demonetised-notes-seized-in-thane-six-detained/articleshow/57483517.cms>

1. Alwar MP gets one-year rigorous imprisonment in land fraud case

Company/Individuals: Alwar Chand Nath and Dera Mahant Ram Niwas

Sector: Real Estate

Nature: Criminal breach of trust and criminal conspiracy

Modus, Quantum & Impact: According to information, Mahant Shiv Nath was a manager of Mahant Shankar Nath of Dera Top Nath at Kishanpura Village of Yamunanagar district. After the death of Mahant Shankar Nath, Mahant Shiv Nath got the mutation of 82 kanal 19 marla (about 10 acre) land of the Dera in his name in 1991.

Shiv Nath later filed a civil suit against the trust of the Kishanpura Dera represented by the then president Mahant Chand Nath to become the owner of the property in his individual capacity and succeeded in doing so. Later, Shiv Nath executed a power of attorney with regard to the said property in favour of Desh Raj (now deceased) of Saidupura village who later sold the said property to different persons by executing several sale deeds.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/jaipur/alwar-mp-gets-one-year-rigorous-imprisonment-in-land-fraud-case/articleshow/56923684.cms>

2. Owner of tax consultancy firm arrested for cheating clients of Rs1 crore

Company: Tax Consultancy Firm

Sector: Statutory Compliances

Nature: Criminal conspiracy, Criminal breach of Trust and Forgery

Modus: This appears to be the case of criminal breach of trust of client by the B.Com graduate floating Tax Consultancy Firm wherein the person took money to pay taxes of client which used by him for personal use.

Quantum & Impact: The Amboli police recently arrested the owner of a tax consultancy company in Andheri for allegedly cheating two clients of Rs1 crore under the pretext of paying their taxes.

An official from Amboli police station said, "He used to work as the tax consultant for two companies and took money from them under the pretext of paying their taxes. He paid some part of the taxes, while the remaining he used to keep to himself. In one case, he even made forged documents to mislead the client."

The two FIRs have been registered in January & February. While the first FIR registered by the company involves Rs21 lakh and includes charges of cheating, criminal breach of trust and forgery, the second FIR involves Rs79 lakh and includes sections of cheating and criminal breach of trust.

Source: Hindustan Times

Web Link: <http://www.hindustantimes.com/mumbai-news/owner-of-tax-consultancy-firm-arrested-for-cheating-clients-of-rs1-crore/story-V51upzVot1EGeWzuWnpXYM.html>

3. Real estate firm accused of fraud

Company: Dreamz Infra India Pvt Ltd

Sector: Real Estate

Nature: Cheating

Modus: In this case, the accused builder/contractor cheated people by promising them to build flats for them but utilizes their money with no intention to build up the flats.

Quantum & Impact: Nearly over 5,000 citizens have been fighting for their investments in the allegedly fraudulent ventures of Dreamz Infra India Pvt Ltd since 2012. Their investments range from Rs 1 lakh to Rs 1.2 crore. They were shown empty plots and told that construction on those properties would start soon.

"When we got our lawyer to look at the memorandum of understanding (MoU) given to us, we were given the green signal as the land was in the name of the builders. What we slowly came to realize was that these builders had no intention of constructing any flats," said Rajani, who was convinced about investing in the projects as the Dreamz group had successful properties in Koramangala, Marathahalli and Silk Board.

"After waiting for six months and seeing no progress, not even BBMP approval had come for construction; I got suspicious and cancelled my registration. Other people who live outstation were not as lucky. They are supposed to refund the money in 120 days of cancellation but they have been taking advantage of our patience," said Rajani who had invested Rs 1 lakh to buy a flat in Dreamz Sadan in Kundanahalli.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/bengaluru/CBI-arrests-2-more-for-demonetized-note-fraud/articleshow/55845430.cms>

4. 'Builder Baba' Wanted In Rs. 11.5 Crore Fraud Case Arrested

Company/Individual: Sachidanand Giri, Balaji Construction

Sector: Real Estate and Banking

Nature: Mortgaging sold flats

Modus: This appears to be the case of cheating.

Quantum & Impact: A 36-year-old man, Sachidanand Giri, known as 'Builder Baba', who had been declared a proclaimed offender in a case pertaining to cheating of Rs. 11.5 crore, has been arrested, police said on Monday.

As per the complaint, the victim invested in the firm and later on in 2014, when he retired from the partnership, he was offered a sum of Rs. 11.5 crores, which was never paid to him, said the officer. During interrogation, Dutta apparently disclosed that his family was into construction business and his real estate firm Balaji Constructions had developed Balaji Residency in Indirapuram and Foster Heights, a 14-storey apartment in Ghaziabad.

He also owned a disco-cum-bar called 'Quantum the Leap' in Centrestage Mall in Noida.

In 2015, a case of fraud had been registered at Sector 58, Noida against Dutta and seven others for allegedly mortgaging sold flats in an Indirapuram housing society to obtain bank loans. The case was subsequently transferred to the Indirapuram police station and the accused declared a proclaimed offender.

Source: Times of India

Web Link: <http://www.ndtv.com/delhi-news/builder-baba-wanted-in-rs-11-5-crore-fraud-case-arrested-1664275>

5. Indian-origin company directors disqualified in UK

Group of Individuals: Novtej Singh Dhillon and Sarina Thiara Dhillon.

Sector: Hotel Industries

Nature: Manipulation of Accounts

Modus: This appears to be the case of Manipulation of accounts of Hotel group companies by Director and his wife for personal gains.

Quantum & Impact: Directors of a number of hotel companies in Britain, have been disqualified for manipulating accounts and causing a bank losses of £31.767 million.

While Novtej was disqualified for 11 years, Sarina faced the same restriction for four-and-a-half years. The Dhillons used the various companies for personal expenditures that were attributed by the group accounting department to director loans. Cheryl Lambert, chief investigator at the Insolvency Service, said: "In this case, Mr Dhillon was responsible for the construction of a long term and complex web of lies, by manipulating the internal financial systems of a group of companies.

Source: Hindustan Times

Web Link: <http://www.hindustantimes.com/world-news/indian-origin-company-directors-disqualified-in-uk/story-zbO5vS7J1zVHpqkWCctrRP.html>

1. Call from abroad but number local? Beware of SIM box fraud

Company: Delhi-based Software Engineer and Gulshan Sain

Sector: Telecom and Communications

Nature: SIM Box fraud and call spoofing

Modus: This appears to be the case of Call Spoofing. The person receives call from foreign location flashing local number which affects billions of operators and Government.

Quantum & Impact: This fraud not only costs billions to operators and the government, but even makes a country vulnerable to security threats. Asia, Europe and Africa are the worst hit and several such rackets have been busted in Sierra Leone and Ghana last year. SIM boxes, incidentally, are legal in many countries, like UK. However, the rider for granting permission is that it can't be used commercially.

A survey by anti-fraud specialist Revector states that SIM box fraud and over-the-top hijack are the two top threats. Mobile operators have lost up to 20% of revenue from call termination charges to 'over-the-top' call hijack frauds.

The racket was unearthed in India after the arrest of a south Delhi-based software engineer and his nine associates. The Uttar Pradesh anti-terror squad and a military intelligence unit of J&K had stumbled upon the syndicate in Delhi and UP while probing a series of espionage calls being made to Army officers.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/delhi/call-from-abroad-but-number-local-beware-of-sim-box-fraud/articleshow/56942950.cms>

2. Five Indians charged for making fraud GST refund claims in Singapore

Group of individuals: Kothandaraman Gnanam, 29; Karunanidhi Rajesh, 32; Karunanithi Saravanan, 36; Ramaiyan Karthikeyan, 43; and Waithiyalingam Karunanidhi, 63.

Sector: Finance and taxation

Nature: Conspiracy to make false statement in claims

Modus, Quantum & Impact: Five Indians have been charged with making fraudulent Goods and Services Tax (GST) refund claims totaling about \$1,18,300. These arrests followed a joint operation by Iras and Singapore Customs on May 27, 2016, in which the men were caught red-handed for allegedly making the fraudulent GST refund claims at Changi Airport. A joint press release by Iras and Singapore Customs stated that tourists can claim GST refunds on goods they have bought and taken out of Singapore. Those who do not purchase anything but seek or obtain a GST refund under the tourist refund scheme commits an offence under the GST Act.

Under the e TRS, a tourist receives a receipt for goods purchased and an e TRS ticket when he buys items from a GST-registered retailer that participates in the scheme. They can also make similar transactions using the credit cards which they had used to buy their goods. In a GST refund-claim fraud scenario, an offender will pretend to be a tourist and pay local customers, who are not entitled to eTRS refunds, for their Jewellery invoices. With these invoices and by using a passport, the offender will obtain eTRS tickets from the respective shops. He will then claim eTRS GST cash refunds at ports of departure.

Source: Indian Express

Web Link: <http://indianexpress.com/article/india/hyderabad-businessman-held-over-rs-98-crore-black-money-deposits-in-banks-4449928/>

3. Government Warns Of Fraud In The Name Of Beti Bachao Scheme

Sector: Social Welfare

Nature of Fraud: Distribution of illegal forms to collect details about Girl Child.

Modus: In this case, certain unauthorised sites, Organizations and NGO's are distribution illegal forms to collect details of girl child as against cash incentives.

Quantum & Impact: Issuing a stern warning against spurious schemes being floated in the name of 'Beti Bachao Beti Padhao' scheme, the central government has advised people against falling into the trap of such frauds.

"It has come to our notice that certain unauthorised sites, organisations, NGOs, and individuals are distributing illegal forms in the name of cash incentive under 'Beti Bachao Beti Padhao' scheme," the Union Women and Child Development Ministry said in a statement.

"It is a completely non-existent thing in the ministry. It appears to us that people are being charged for these forms. The police are investigating the matter," an official from the ministry told IANS.

Source: NDTV News

Web Link: <http://www.ndtv.com/india-news/government-warns-of-fraud-in-the-name-of-beti-bachao-scheme-1671882>

4. 2 citizens lose Rs 1.30 lakh in debit card frauds

Company: NA

Sector: Online banking

Nature: Debit Card Frauds

Modus: This appears to be the case of stealing data of Debit card from people and using that data to accomplish own demands.

Quantum & Impact: Two cases of debit card frauds were reported in the city on Wednesday where citizen lost over Rs 1.30 lakh from their bank accounts.

Initially, the accused offered help to Vinod Patel, when he was facing some difficulty in withdrawing cash from ATM.

Trusting the 25-year-old man Patel gave him the debit card also shared his PIN. Using the details the accused withdrew money for Patel but did not return Patel's original card. The accused swapped the card with a similar looking card, and used used Patel's card for purchases from different shopping malls during the day.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/surat/2-citizens-lose-rs-1-30-lakh-in-debit-card-frauds/articleshow/56339993.cms>

5. Online Fraud: 4 Arrested In Gurugram For Allegedly Cheating 4,800 People

Individual: Profit Network Company/Raj Kumar Sharma, Daulat Singh, Bharat Kumar

Sector: Online Banking

Nature: Cheating and Forgery

Modus: This appears to be the case of duping people and influencing them by promising monetary benefits for hitting like to the website or link.

Quantum & Impact: The director of Profit Network Company and three other accused were allegedly involved in an online fraud of Rs. 8 crore and were arrested.

He said three bank accounts of the company which had about Rs. 90 lakh in them had been frozen. The complainants had become members of the company on January 23 and had transferred Rs. 2.5 lakh in its account.

On interrogation, the accused said they started Profit Network in July, 2016, and that it had so far duped about 4,800 people by making them its members, the police added.

The company had asked people to deposit money in its bank account and then it used to send them link of websites. In order to make money, the members had to like the web links sent to them by the company. The company had promised to pay Rs. 5 per like, the police said. The members had deposited about Rs. 8 crore in the company's bank accounts.

Source: NDTV News

Web Link: <http://www.ndtv.com/gurgaon-news/online-fraud-4-arrested-in-gurugram-for-allegedly-cheating-4-800-people-1661701>

6. Online Trading Scam: Company Had Planned Australia Tour For Distributors

Individual: Abhinav Mittal and Team

Sector: Online Trading

Nature: Cheating and duping people

Modus: In this case the accused company duped nearly seven lakh of people and influencing them by showing monetary cookies to click on particular links.

Quantum & Impact: An accused in the Rs. 3700 crore online trading fraud cases has told the police that his company had planned a tour of Australia for 150 distributors which also included sky-diving, office. Police Officer Triveni Singh said the Special Investigation Team had carried a search of Ablaze's Ghaziabad office, and seized 32 CPUs, bank drafts worth Rs. 7 crore from the premises. The search was carried out following a detailed interrogation of the accused.

Documents of a villa at JP Greens, a commercial property in Greater Noida and 36 passports were also seized, Mr Triveni said. The company has planned a 6 nights and 7 day tour of Australia for 150 such distributors as a promotional tour to motivate them, starting from March 13 to 19, he said.

Company CEO Sridhar had contacted a Pune-based tour operator and given them a cheque of Rs. 3 crore as advance payment, Mr Triveni added.

Source: NDTV News

Web Link: <http://www.ndtv.com/india-news/online-trading-scam-company-had-planned-australia-tour-for-distributors-1658466>

1. Cyber breach to the country's payments network.

Sector: Banking Sector

Nature: Hacking

Modus: Hackers created a 'dummy code book' within the computer system capturing all possible four-digit numbers from 0000 to 9999 — to steal the PINs (personal identification numbers) of customers.

Quantum & Impact: The hackers created a 'dummy code book' of customers as and when they used their cards to withdraw money from ATMs of a private bank in India. The code was written in a way that it made sure the malware worked on the Hitachi system... it was virtually sitting on the administrator's laptop
Bank customers, including several foreign travellers, using as many as 3.2 million debit cards feared that their accounts had been hacked. Weeks after the panic — by when thousands had lost money — it surfaced that hackers had penetrated the network of Hitachi to which some banks had outsourced their ATM transaction processing.

Source: Economic Times

Web Link: <http://economictimes.indiatimes.com/industry/banking/finance/banking/hitachi-hackers-cashed-in-on-security-gaps-in-indias-worst-ever-cybersecurity-breach/articleshow/57300779.cms>

2. Axis suffers cyber attack

Company: Axis Bank

Sector: Banking Sector

Nature: Unauthorised Login

Modus: The offshore hacker hacked the bank server and it is found out that there was indeed an authorized login by an unnamed.

Quantum & Impact: An engineer at Kaspersky Lab, the well-known Moscow-headquartered cyber security firm, rattled off the names of several Axis computers which, he claimed, have been breached. There are no reports of any fund transfers but the bank and EY are trying to figure out the extent of damage, data loss if any, and most importantly whether the virus is still crawling in the institution's server zone, said a banker who is aware of the breach.

Source: Economics times

WebLink: <http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-yet-to-figure-out-extent-of-server-breach-damage-if-any/articleshow/54927032.cms>

3. Flipkart CEO Binny Bansal's email 'hack'

Company: Flipkart

Sector: E-Commerce

Nature: Hacking, Email Spoofing and vulnerabilities

Modus: This appears to be the case of E-mail spoofing for monetary benefits.

Quantum & Impact: CEO Binny Bansal's official email account was hacked and two mails were sent from it to the company's CFO asking for transfer of \$80,000. Cybercrime police describe it as a case of email spoofing, wherein messages are sent from forged addresses. Investigators have found the emails were shot off from Hong Kong and Canada using a server in Russia. The hackers seem to have used an advanced virus to hack into the email account. Email spoofing and vulnerability came into highlight but there were no monetary loss to company.

Source: Gadgets Now

Web Link: <http://www.gadgetsnow.com/tech-news/Flipkart-CEO-Binny-Bansals-email-hacked-80000-sought/articleshow/51452214.cms>

4. IRCTC 'hack'

Company: IRCTC (INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED.)

Sector: Railways

Nature: Stealing of User data

Modus: It was alleged that cyber criminals had stolen the user data.

Quantum & Impact: There were reports of possible hack at IRCTC website, something that was denied by government officials. Some users have found that their transaction details have vanished from the site and they can no longer access the previous travel records. Many users have reported that the transaction history, which can be opened from the "My Transaction" tab on the IRCTC website, has suddenly gone missing. All the options inside the My Transaction tab, like booked ticket history, last transaction detail and ticket refund history, show "No records found" message. It was alleged that cyber criminals had stolen the user data and credentials of over 1 crore users were available in the market at a price of Rs 15,000. While the Maharashtra government had confirmed the hack, the Ministry of Railways had said there was no data breach.

Source: India Today

Web Link: <http://indiatoday.intoday.in/technology/story/hacked-or-not-user-transactions-vanish-from-irctc-website/1/667289.html>

5. Insurance Fraud with common people.

Individual: Group of common people

Sector: Banking and Insurance

Nature: Duping people

Modus: This appears to be the case of cheating by a person pretending himself as an employee of IRDA for Rs. 7 Lacs.

Quantum & Impact: The complainant, told cops that few days ago he received a call from Rajiv Agarwal, who had identified himself as an employee of IRDA. "He informed him about different insurance schemes and promised assured returns. He further told him that the company provided loans of up to Rs 30 lakh without any interest," Shankar agreed upon the scheme deposited Rs 7 lakh as processing fee claiming that the money would be returned soon," conman said. Shankar said he transferred the money to the caller's bank account. Over a week passed but the loan was not sanctioned. Shankar later received two bank drafts on his email id which were fake and was duped with amount 7 Lakhs.

Source: Times of India

Web Link: <http://timesofindia.indiatimes.com/city/noida/Cyber-crime-cell-cracks-first-case-a-Rs-7L-insurance-fraud/articleshow/52249818.cms>

Our 1st, 2nd & 3rd Editions on Red Flag Indicators Report



Red Flag Reporting - 1st Edition.pdf



Red Flag Reporting - 2nd Edition.pdf



Red Flag Reporting - 3rd Edition.pdf

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