



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

Financial Management Meeting

October 14, 2014



Agenda

9:30 a.m.	Welcome & Introductions	
9:35 a.m.	Business Services Updates <ul style="list-style-type: none">• Internal Controls Update	Martha Kerner (5 minutes)
9:40 a.m.	Risk Management Updates <ul style="list-style-type: none">• Introduction of International Risk Manager	Rick Gibbs (10 minutes)
9:50 a.m.	Accounting Services Updates <ul style="list-style-type: none">• Non-resident Alien Scholarships• Funding Delays in DP/PIR Procession	José Carus, Dan Langer and Carla Raatz (10 minutes) Rusty Haines (5 minutes)
10:05 a.m.	Purchasing Services Updates <ul style="list-style-type: none">• Purchasing Fraud	Hartley Murray (15 minutes)
10:20 a.m.	Other Q&A	
10:30 a.m.	Adjourn	



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Business Services



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Risk Management



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Accounting Services

Non-Resident Alien Scholarships

- Any payments made through payroll effective January 1, 2015
- Applies to lump-sum payments for all registered students
- New earnings and account code setup
 - Earnings Code SF5
 - Account Code 5714; will be automatically assigned based on earning code
- No fringes will be taken



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Purchasing Services

PURCHASE ORDER SCAM



**Targeting U.S. Companies
& Universities**

Credit for the content:

This PowerPoint provided originally by FBI,
edited by Purchasing Services

SA Joanne Altenburg – Washington Field Office

SSA Paula L. Ebersole – Washington Field Office

Report fraud to IC3 – www.ic3.gov *



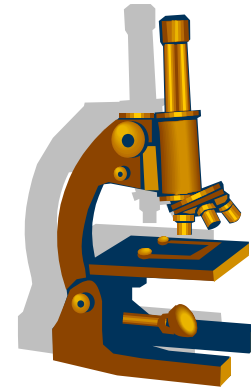
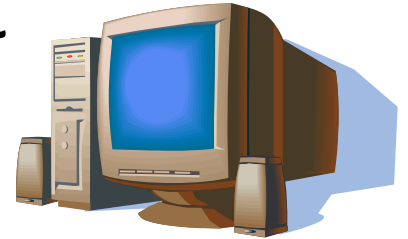
Objective of the Scam:



- To use university and corporate identities to obtain merchandise on credit
- To export the merchandise before the victim vendor discovers the fraud
- Operating primarily from Nigeria, outside U.S. jurisdiction

Items Being Purchased:

- Computers & Related Equipment
- Projectors/Cameras
- Card Printers, Stock & Ribbons
- Pharmaceutical Equipment
- Industrial Equipment



How the Scam Works:

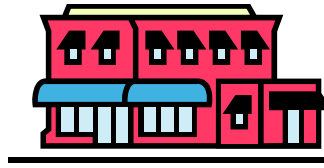
- Imposter domain and VoIP phone numbers are established
- Establish US address to receive and re-ship products



Email & fraudulent Purchase Orders sent to US **vendors** – net 30 day credit



Vendor ships products to US address (re-shipper)



Victim
Vendor

Vendor bills impersonated company or **university**



Merchandise received at US address (re-shipper)



US Freight Forwarder ships to Nigeria, often through the UK



Step 1: Bad guy establishes domain names similar to an established business/university



Real Entity: University of Michigan

www.umich.edu

Fraudulent Domain Names and Email Accounts:



Purchasing@umichsregentstores.com

Purchasing@umichedu.us

Purchasing@umirededu.com

Purchasing@umichedu.net

Purchasing@umichregentsedu.com

Purchasing@umregentsedu.com

Step 2: Bad guy establishes phone numbers which appear to be associated with the impersonated entity

- Use of Voice Over IP phone numbers with U.S. **local area codes**



Step 3: Bad guy establishes U.S. addresses to receive and re-ship products

- Using dating sites or 'work from home' ads on Craig's list

Profile of Re-Shipper:



- Addresses are residential
- Generally lower income
- Lonely hearts victims
- Workers at self storage facility

- Establishing a self-storage unit or account with a warehouse facility



Self-Storage or Warehouse

- The storage unit is opened using the identify of a legitimate company, with copies of a fabricated drivers license and if payments are made, stolen credit cards are used
- Midnite Express – a real freight company in North Dakota



Step 4: Bad guy requests product quotes using email accounts on bogus domains

- **Name:** Mike Hardiman
- **Phone:** 608-268-9385
- **Email:** purchase@uwmedu.us
- **Questions/Comments:** Hello, I would like to know if you carry the below items, kindly provide us a pricing on the items if you do. Fluke Clamp Meter 376 Fluke 87-v digital multimeter
- Warm Regards
- Director of Purchasing Services Mike Hardiman
- University of Wisconsin-Madison
- [Tel:608-268-9385](tel:608-268-9385) Fax:608-268-895

Step 5: Bad guy emails Purchase Orders on fabricated letterhead



Date	Purchase Order Number	Revision no.
09/22/2014	1300080392	075
Contact : Mike Hardiman Buyer Number: B115 Email : purchasing@uwmed.u.us Phone : 608-268-9385		

To be shipped to an address where the packages will be accepted and re-shipped

Supplier Information
GBC Document Finishing Four Corporate Drive Lake Zurich, IL 60047 Phone: 847-796-4914 Fax: 877-549-7881 Email: sean.collett@gbc.com

Ship To Information
University of Wisconsin-Madison Facility Mgt Attn: Frank Flynn 5235 Merriman Rd Westland, MI 48186

Reference and Delivery Information
Quote Number: 00038231 Customer Number: 123069 Freight Term: UPS Requested Delivery: Destination-Freight Included

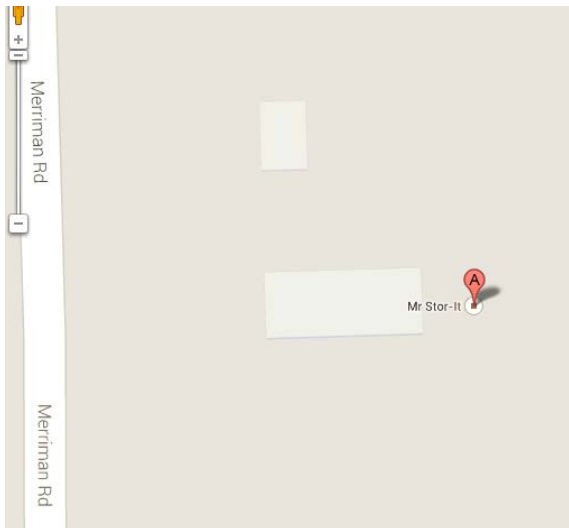
BBI To Information
University of Wisconsin-Madison 21 N Park St, Suite 6101 Madison, WI 53715 1218

There are no clauses associated with this Purchase Order.

To be billed to the real company on 30 day credit terms

Item	Product Description	Catalog No.	Size, Packaging	Unit Price	Quantity	Ext. Price
1	ULTIMA 65 LAMINATOR BUNDLE	1880169		\$1,895.00	2	\$3,790.00
2	EQP PINNACLE 27 EZ LOAD ROLL LAMINATOR	1701720EZ		\$1,599.00	2	\$3,198.00
3	EQP CATENA 65 ROLL LAMINATOR	1715840		\$3,564.75	1	\$3,564.75
Shipping Cost						TBD
Shipping Term: N/A						Total Cost \$10,552.75
Payment Term: Net 30						


5235 Merriman Rd Westland MI



U-HAUL *Your moving and storage resource.*

Trucks Trailers & towing U-Box units Storage Boxes

Mr Stor It (U-Haul Neighborhood Dealer)



Address

5235 Merriman Rd
Westland, MI 48186

(734) 729-3165

(N Of Detroit Metro Airport)
[Driving directions](#)

[View website](#)

★★★★★ [3 reviews](#)

Step 6: Bad guy obtains tracking information from the victim company to determine if/when the packages are delivered (we'll come back to this)

-----Original Message-----

From: John Smith@abc-products.com
Sent: Wednesday, March , 2014 10:23 AM
To: Sales@ Computer_Supplier.com
Subject: Re: Urgent reply



Kevin, how are you doing? I just wanted to touch base to see if the 20 Units has been shipped. Do keep me updated on the ETA details.

Thank you
John

Step 7: Bad guy arranges reshipment, generally sending shipping labels to the re-shipper

From: "Brian Haegen" <brianhaegen@yahoo.com>

Date: Jan 9, 2013 10:17 AM

Subject: FedEx labels 1 - 10

To: 2love02@gmail.com" <2love02@gmail.com>

Honey,

Find attached FedEx labels 1 to 10. Print out pages 1 to 10 and tape a page on each of the boxes. Each box will have a FedEx label on it. Do ensure labels are well taped so that they wont come off while boxes are in transit, also ensure you can read each label after taping.

Love you,
Brian



Step 8: Goods are shipped to a freight forwarder using the labels provided

From: (859) 577-0234
Mathias Hagen
APCI



COMPTON, CA 90220

Origin ID: TOAA

FedEx
Express



J12201209200325

SHIP TO: (908) 345-5447

BILL SENDER

AMERICAN AIRFREIGHT TRUCKING CORP.
CARGOSAVE/JAYFEM ENTERPRISES
14703 182ND ST

JAMAICA, NY 11413

Ship Date: 09JAN13
ActWgt: 12.0 LB
CAD: 104708458/INET3300

Dims: 5 X 5 X 4 IN

Delivery Address Bar Code



Ref #
Invoice #
PO #
Dept #

1 of 10

THU - 10 JAN A1
PRIORITY OVERNIGHT

TRK# **7944 7480 5363**

0201

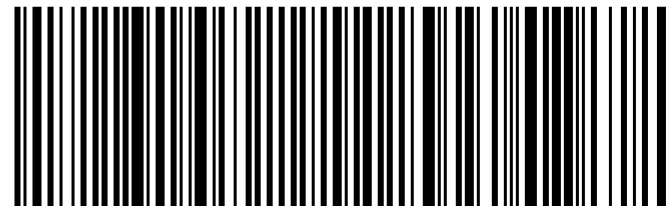
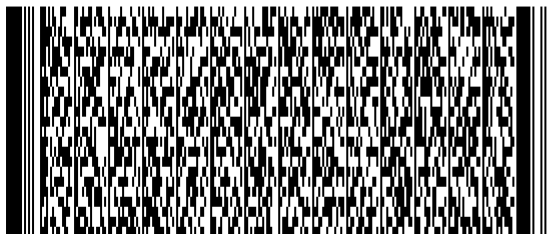
MASTER

NB HTOA

11413

NY-US

JFK



515G2/7813/AA44

Use of Stolen DHL Accounts:

- Re-shippers are provided with DHL Labels
- The labels utilize stolen DHL accounts
- The merchandise is shipped to the United Kingdom to be re-shipped



Step 9: Victim vendor bills the university or company being impersonated

<i>Computer Supplier, Inc.</i>		INVOICE	Date: 3/30/2014
		CUSTOMER COPY	Invoice No: 47615

Bill To:

ABC Products Inc
725 Main St
Alexandria, VA 22010

Customer PO: 149636

	Price ea.	Subtotal
20 Cisco Catalyst Switches	\$2,990	\$59,800.00
		Total: \$59,800.00
		<u>Shipping/Handling:</u> \$146.82
		<u>Total Due:</u> \$59,946.82

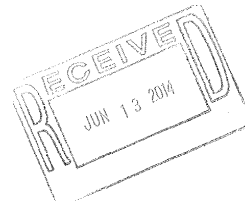
Payment terms: 30 days

.Thank you!

Remit to:
Computer Supplier, Inc
129 First St
Las Vegas, NV
800-948-9566 Fax: 800-948-9532

Please return one copy with payment

1.5% MONTHLY FINANCE FEE WILL BE
BILLED ON ALL INVOICES PAST TERMS.





Computer Supplier, Inc.

INVOICE

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CUSTOMER COPY

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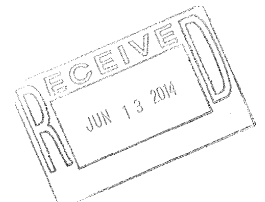
Total Due: \$59,946.82

Payment terms: 30 days

.Thank you!

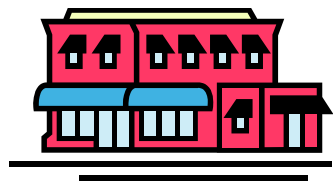
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129 First St
Las Vegas, NV
800-948-9566 Fax: 800-948-9532
Please return one copy with payment
1.5% MONTHLY FINANCE FEE WILL BE
BILLED ON ALL INVOICES PAST TERMS.

- The vendor doesn't learn of the fraud until the real university or company receives the invoice and notifies the vendor that they have been scammed
- The goods are generally out of the country within a matter of days



Latest Variation (worrisome):

- Vendors ship to an address associated with the university or company being impersonated
- Bad guy requests the package be re-routed or held to be picked up at a FedEx or UPS facility



Victim
Vendor



Location associated
with
impersonated school
or business



Goods are re-routed to be
picked up and reshipped



Indicators of Fraud:

- Incorrect domain name on email and POs
 - Variation on the company/university true domain
 - University domain names that do not end in .edu (we're seeing xxxxxedu.**.us**)
- Gmail or Yahoo email addresses used
 - abc.co@gmail.com
- Shipping address is not the same as the business location
- The delivery address is a residence or self-storage facility

Indicators of Fraud:



- Poorly written email with grammatical errors
- Phone numbers not associated with the company/university
- Unusually large quantities are requested
- Rush to ship priority/overnight
- Ship to address typically outside of Wisconsin

*What are we doing:



- Keeping all records in their original form
- Forwarding info to UW Police and our FBI contact.
- Not advising vendors what to do other than:
 - FBI recommends you not communicate with criminals
 - Contact their local authority
 - Contact their local FBI office
 - Point them to the FBI website www.ic3.gov

Our message to vendors:

The screenshot shows a web browser window with the URL <http://www.bussvc.wisc.edu/purch/purch.html>. The browser's address bar and menu bar are visible. Below the browser window, the website header features the University of Wisconsin-Madison logo and the text "UNIVERSITY OF WISCONSIN-MADISON" and "Purchasing Services Division of Business Services". A navigation menu on the left lists links: Home, Contracts, Shop@UW, Purchasing System Inquiry, Directory, How to Purchase Goods and Services, Policies and Procedures, Forms and Letters, External Requisitions, and Encumbrance. The main content area is titled "Purchasing Services" and contains a paragraph about the department's mission and vision. Below this, a section titled "Items of Interest" features a bullet point about a fraudulent purchase order email activity, with a date of 5/16/14.

http://www.bussvc.wisc.edu/purch/purch.html

Purchasing Services | Unive

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ML Marketline DoIT WisList DoIT AB40 Aravo Big 10-CIC Fall Meeting P... b Box Contract Dictionary DOA Contracts

UNIVERSITY OF WISCONSIN-MADISON UW Search

 **Purchasing Services**
Division of Business Services

Home
Contracts
Shop@UW
Purchasing System Inquiry
Directory
How to Purchase Goods and Services
Policies and Procedures
Forms and Letters
External Requisitions
Encumbrance

Purchasing Services

Purchasing provides the University with effective and responsive life cycle procurement practices. See our [Mission and Vision](#) for more information.

Items of Interest

- **Notice to Suppliers: Fraudulent Purchase Order Email Activity**
We want to alert you to an active email scam involving purchase orders and request for product quotations that claim to originate from the University of Wisconsin but are in fact fraudulent. More information is available in the [full notice](#).
(added 5/16/14)

Our message to vendors

<http://www.bussvc.wisc.edu/purch/VendorInfo/fraud.html> :

Notice to Suppliers: Fraudulent Purchase Order Email Activity

We want to alert you to an active email scam involving purchase orders and request for product quotations that claim to originate from the University of Wisconsin-Madison but are in fact fraudulent. While the university cannot prevent this illegal activity, we are actively working with law enforcement to investigate these fraudulent email contacts.

We can share some common traits or themes of these fraudulent emails that may help reduce risk to your company in becoming a financial victim of this scam:

- The email message is poorly written, with misspellings and awkward sentence structure
- The sender's email address or website link are not authentic to the University of Wisconsin-Madison
- The message requests shipment of products to non-University of Wisconsin-Madison addresses
- The message may include an attachment that is designed to look like a purchase order, may include a logo or other graphic, and a signature that may look legitimate

If you believe you have received a fraudulent email that appears to be from the University of Wisconsin-Madison, you may forward it to our Purchasing Services department at purch@bussvc.wisc.edu to verify its legitimacy before responding to the email or filling the order. You may also contact the Purchasing Services department by phone, Monday through Friday, 7:45 am to 4:30 pm at (608) 262-1526.

Purchasing Services and the University of Wisconsin-Madison value our partnership with you and appreciate the very important role you play in providing goods and services to our faculty, students and staff in support of their academic, research, and patient care endeavors. Please know that we are assisting to the fullest extent we are able with the investigation of this illegal activity by reporting all fraudulent emails to appropriate authorities.

What should you be aware of:

- Think twice before giving out your name or that of any purchasing agent or department person. Perform some due diligence as to who is asking for it and where possible redirect caller to that department's central number.
- Don't point questionable callers to our staff directories.
- Don't answer e-mails like this:

IT-Service Help Desk

Nicole King <nicole.king@rentonschools.us>

Sent: Mon 10/13/2014 7:06 AM

To: info@m-mail.org

Please [Click Here](#) to Validate your email account

Caller ID info:

- Check your inbound caller ID or URL's for foreign inbound calls from Nigeria

Nigeria Country Code 234	
Telephone Country Code:	234
ISO Country Code, 2 Digit:	NG
ISO Country Code, 3 Digit:	NGA
Easy URL	
countrycode.org/nigeria	
countrycode.org/234	
countrycode.org/NG	
countrycode.org/NGA	

Questions?

Future Financial Management Meetings

Rooms 1106 & 1108, 21 N Park Street

9:30-11:30AM

2014

December 9