

Spanning the Globe: From Fraud to Freeze in 17 Hours

ICC FraudNet's 24/7 rapid response capability was put to the test again recently when a banking client of Irish FraudNet member firm Arthur Cox called on Saturday to say that late on Friday night large amounts of money had been removed from a customer's account and transferred to the UK and Hong Kong without the customer's permission.

Arthur Cox's Gregory Glynn offered some preliminary advice, and did so again on Sunday. By Monday, the Irish bank had spoken to the Hong Kong bank that had received the unauthorised payments. All seemed well - until late Monday when the Hong Kong bank requested a local injunction to freeze the funds.

As soon as Mr Glynn received the necessary instructions from the Dublin bank, he phoned FraudNet member Jeffrey Lane of Hong Kong's King & Wood Mallesons at his home. It was 11:15 p.m. Hong Kong time. Mr Glynn worked late into the night in Dublin to furnish critical information to Mr Lane, so he could make the application on affidavit on Tuesday.

The total time that elapsed between Mr Glynn's Monday afternoon receipt of instructions from his client bank and the granting of the Hong Kong order freezing the monies: 17 hours (including the six hours Mr Glynn let Mr Lane sleep!)

The client bank was delighted with both the result and the short time taken to achieve it, especially given that the client's Hong Kong branch had expressed doubt that a local injunction could be obtained, let alone within such a compressed timeframe. As a result, the Irish bank has asked for Mr Lane's contact information to be given to their Hong Kong subsidiary, so that he can address any future issues in Hong Kong for their other affiliates around the world.

Mr Glynn noted that this was the first time FraudNet's Irish member has had to initiate a recovery action in another jurisdiction, and was pleased to have had the opportunity to demonstrate FraudNet's 24/7 cross-border service in action. He also noted that banks, in general, are extremely concerned about the possibility of customer identity theft in transfers of funds by e-mail, when the e-mail instructions appear to be from the customer because the correct password and secure words are being used, but the sender is not the true customer.

It is of some reassurance to banks affected by this problem to know that if they become the victims of fraudulent transfer due to customer identity theft, FraudNet can help, Glynn added. "Imagine the time-consuming alternative: having to locate a qualified firm halfway around the world, clear conflicts; formally engage the new firm and bring them up to speed," Mr Lane pointed out. "Yet FraudNet was able to take effective action on the ground halfway around the world in less than 24 hours with a few phone calls and emails. That's because we already have qualified partners on the ground globally, with the track record of working together that banks need to stop fraudsters in their tracks 24/7 anywhere in the world" Mr Lane added.