

Session

FRAUD:

Fraud Developments – What Are the Fraudsters “Cooking Up” Now?



Speakers



Wesley Abraham

ACT Manager

Evadata



Jolin John

Manager Cybersecurity,
Resilience & Governance

John Hancock



Erik Provitt

Associate Director

Guidehouse



Nicole Thornbro

Assistant Criminal District Attorney

Bexar County District
Attorney's Office



Agenda

- 1) Fraud Lifecycle/Customer Journey
- 2) Texas by the Numbers
- 3) GenAI – How are fraudsters using AI
- 4) Internal Fraud
- 5) Synthetic ID Fraud
- 6) Helpful Tips for Reporting



Fraud Lifecycle



Notification



Investigation



Action

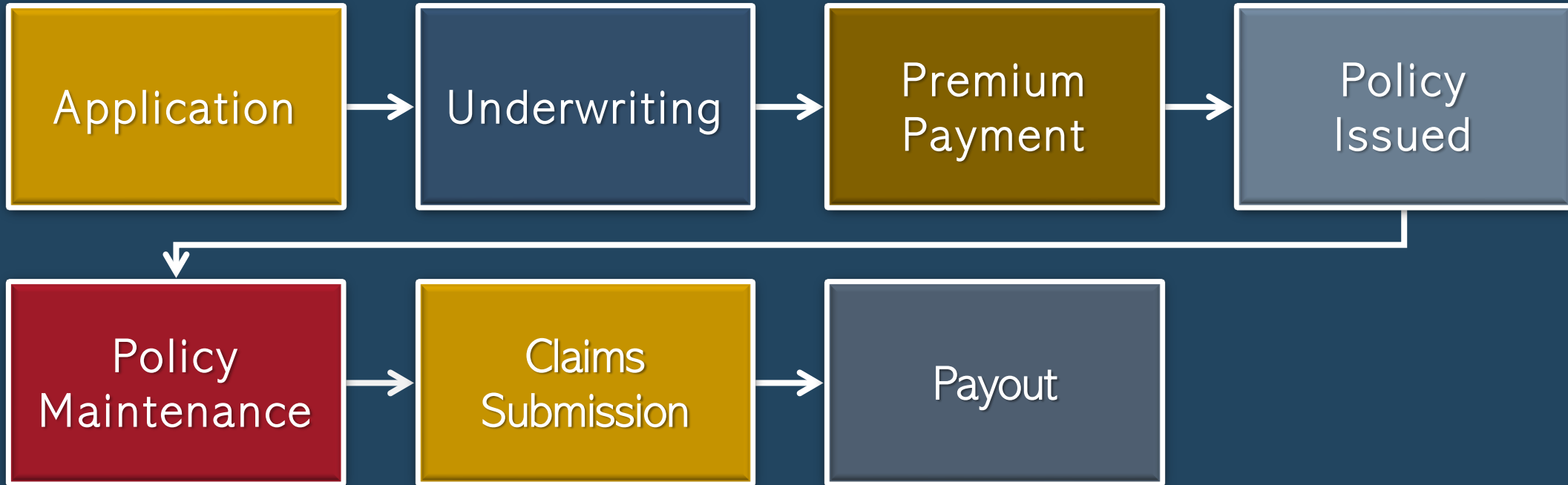


Communications

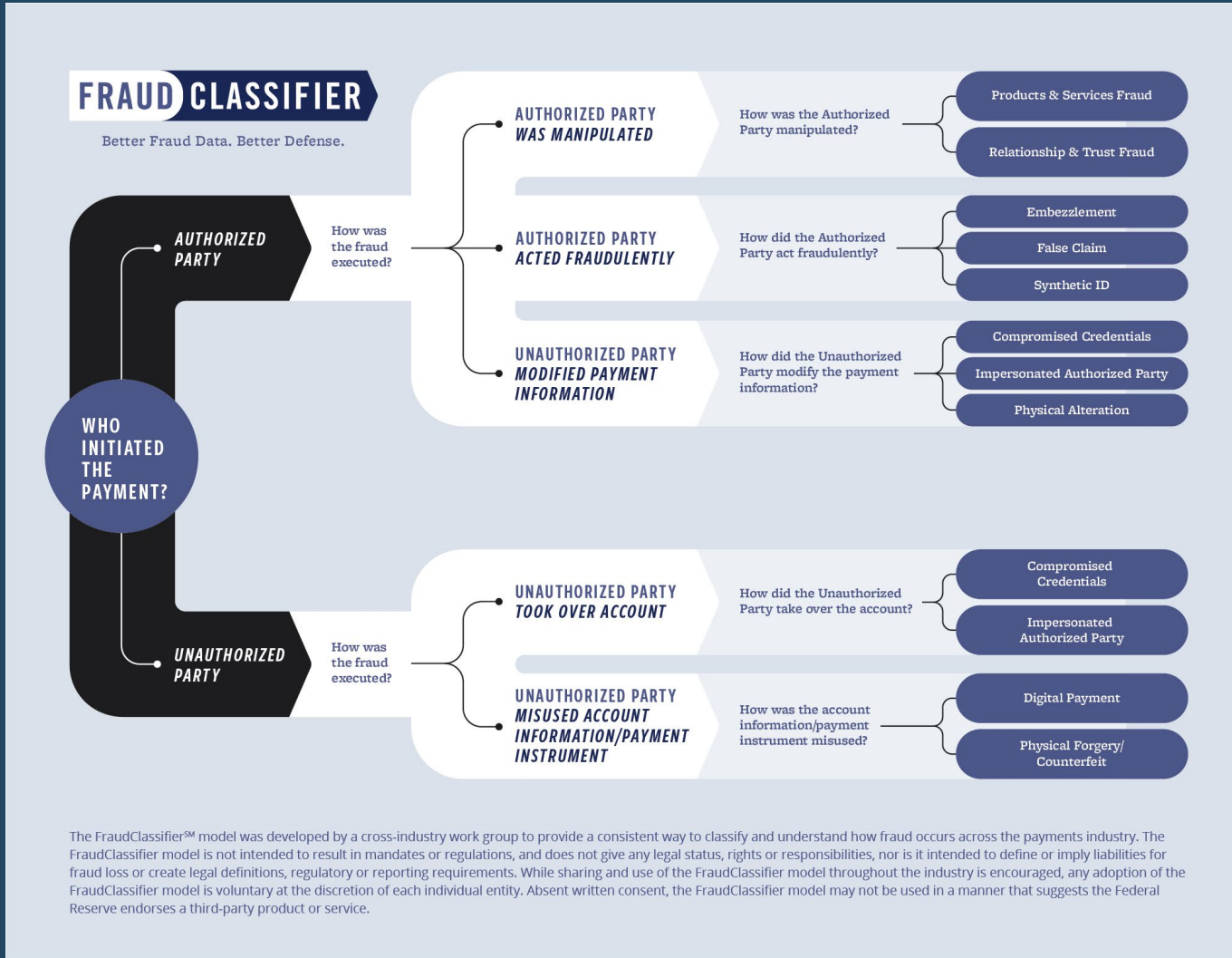


Reporting

Customer Journey



FraudClassifier Model



The FraudClassifier model was developed to help address the industrywide challenge of inconsistent classifications for fraud involving ACH, wire or check payments.

Benefits of the FraudClassifier model include:

- Facilitating consistent fraud information and tracking
- Improving customer education
- Understanding fraud across payment types and fraud methods
- Speaking the same language about fraud

[Linked here](#)



TDI Fraud Statistics

Type	2019	2020	2021	2022	2023
Fraud reports received	14,465	14,180	14,645	16,277	20,133
Investigations resolved	302	246	193	216	203
Investigations pending	229	215	184	173	227
Offenses referred for prosecution	93	126	106	220	122
Suspects resolved*	-	-	-	451	456
Suspects indicted	76	32	38	55	81
Restitution ordered	\$1.7 M	\$11.6 M	\$53.8 M	\$16.1 M	\$3.0 M

*Because investigations may have more than one suspect, TDI started tracking suspects resolved in fiscal year 2022

FY 2024– 20,358 Fraud Reports Received as of 08/27/24



GenAI- How are fraudsters using AI?

Differences where AI is used

- Speed & Scale
- Sophistication of attacks
- Detection difficulty
- Automation

Fusion Center

- Cyber + Operationalizing Fraud Review
- More insight
- Working with Law Enforcement



Internal Fraud

No one likes to think about this ...



Internal Fraud- Agent Fraud

Jillian Garcia (San Antonio)

- Added “injured parties” to legitimate existing claims
- Issued payments to her network of friends who received kickbacks
- 21 claims affected - \$80,000
- All 8 co-defendants were held criminally responsible
- 10 years probation
- Her boyfriend (\$40,000) received 5 years prison

Mark Athanasia (Fort Worth)

- Trusted licensed Insurance Agent, built relationship over years
- Convinced elderly victims to invest money
- “Investments” were his own bank deposit accounts
- Promised a 5% return
- 10 years probation, \$20,000 ordered returned to victims

Paula Villarreal (San Antonio)

- Convinced two victims to roll their retirements over to annuities – one elderly & one a teacher
- Opened parallel bank account with almost identical name to a life insurer
- Conference call between defendant, the victims, and retirement people – routed money to her own parallel account
- Total retirements lost – tax implications
- Defendant took a cruise, bought clothes, paid for a vehicle
- 7 years prison

Internal Fraud- Unlicensed Actors

Arturo Portillo (San Antonio)

The Strong Arm "Agent"

- Lost license - warned by TDI when found to be operating without a license
- Co-defendant was licensed agent- allowed him to issue policies and collect cash premiums in lower income areas
- Would receive 50% commissions for work turned in
- Strong arm tactics
- Pocketed premiums - Discovered when people died
- Business cards!
- 10 years prison
- Licensed agent co-defendant: 8 years probation

Nancy Carroll (Fort Worth)

The Millenium Mobster

- ◆ Was a licensed attorney
- ◆ Millennium Title Company
- ◆ Misapplication of Fiduciary Property
- ◆ Also appointed as guardian ad litem for minors and stole their money as well
- ◆ 10 years prison
- ◆ Permanent surrender of law license
- ◆ \$8,605,001.79 in restitution

Synthetic ID Fraud

A type of fraud where a criminal combines real and fake information to create a new identity

Implementing the right tools at the start of the application process

“Errors” on applications where PII is mashed together

Application fraud not detected today becomes claim fraud tomorrow



Synthetic ID Fraud

James Halsell (San Antonio)

- Created fictitious people as life insurance applicants
- Paid the annual premium for 130% return
- Millions of \$ in policies – nothing behind them
- Signed friends and family with permission
- Forged friend and family without permission
- 5 years in prison



Helpful Tips

Reporting fraud to Law Enforcement

- ✓ Gather comprehensive evidence
- ✓ Timely reporting
- ✓ Use digital tools for secure reporting
- ✓ Monitor & support the investigation

The data you provide matters!





Please complete our short survey regarding the session. This QR code also appears on your agenda.

Questions



Next

REGULATORY PERSPECTIVE: Regulatory
Concerns Regarding Artificial Intelligence,
Privacy and Consumer Protection

11:00 AM – 11:45 AM - Lone Star Salons E-H

