

# Corporate identity theft grows

Gianmarco Lorenzi, MD of Cleardata says according to the latest Southern African Fraud Prevention Services (SAFPS) chairman's report, the number of fraud filings received by SAFPS increased by 27% year-on-year in 2011, with 14 320 new incidents being reported.



The recent fake letter and e-mail scam, containing logos of the Financial Intelligence Centre (FIC) has already duped 419 South Africans, highlighting the dangers that corporate identity theft can present to any organisation. Businesses that fail to implement effective document destruction practices face a higher risk of falling victim to corporate identity theft frauds and may be placing the organisation and its clients at risk of legal, financial and reputational repercussions.

"These statistics highlight the fact that identity theft is on the rise in South Africa and criminals are increasingly targeting businesses as they have realised that it is more lucrative and easier than exploiting individuals," says Lorenzi.

## Fastest growing cybercrime

From a global perspective, identity theft is also a concern, with the 2012 *Javelin Strategy & Research Identity Fraud Report* revealing that identity fraud is one of the fastest growing cybercrimes, with the number of reported incidents increasing by 13% globally in 2011, affecting 11.6 million adults.

Lorenzi says latest trends in corporate identity theft involve consumers receiving letters with official company letterheads stating that the account details for their monthly instalments have changed and the consumer must make payments to new account details.

"The consumer, thinking this is an authentic business letter, then makes payments into the fraudulent account. The fraud comes to light when the business contacts the customer to establish why payments are not being made, instigating

reputational, legal or financial damage for the business, as the customer wonders how their details were obtained by the fraudster in the first place.

## **Shredding sensitive documents essential**

"Businesses need to realise that one of the easiest ways for criminals to conduct corporate identity theft is by going through the company's rubbish. Most computers also have desktop publishing technology, which has made it far easier for fraudsters to scan and duplicate a variety of corporate documents - such as purchase orders, invoices, bank statements, cash and credit card receipts or even stock certificates - containing company logos."

He adds business records of any kind should never be put into a general waste or recycling bin, where criminals, intent on identity theft may access it; instead, all obsolete business records should be shredded.

Small businesses, especially those located in rural areas, may be at more risk, as they are often under the misperception that only larger organisations situated in urban areas are targets for corporate identity theft. "This is actually not the case. Businesses of all sizes and in all locations can be exploited and must therefore employ effective document destruction practices.

"Those businesses not practicing sound document destruction are simply placing the organisation, including employees and clients, under unnecessary risk of identity theft and should seek the advice of a reputable document shredding company that has been certified by the National Association for Information Destruction ([www.naidonline.org](http://www.naidonline.org)) to mitigate the potential threat to their business and reputation," he concludes.

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