

Security and Fraud

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Why is this guy here?



Agenda

- Personally Identifiable Information (PPI)
- The VALUE of PPI
- Social Engineering
- Case Studies
- Lessons Learned



Personally Identifiable Information

- Full Name
- Home Address
- Email Address
- SSN
- Vehicle registration number
- Credit Card Number
- Date of birth



The Value of PPI



What is PPI used for?

- Credit card fraud
- Phone of utilities fraud
- Employment related fraud
- Bank fraud
- Government documents or benefits fraud
- Loan fraud



High Value Targets

- Law Enforcement
- Shipping and logistics entities
- Individuals with a high net worth
- If you are between a crook and their target



Social Engineering

Refers to psychological manipulation of people into performing actions or divulging confidential information.



Social Engineering

- Pretexting
- Baiting
- Phishing – ransomware



Walmart Hacked



CryptoWall or Crytoloacker



Dixon, Illinois

- Population - 15,400
- Commission form of government
 - Used by only 50 of the 1,300 municipalities in Illinois
 - Power divided among five people
 - Mayor and 4 part-time commissioners who oversee their own function of government
- 2012/13 Budget- \$9.7 million



Rita Crundwell

- Part-time City Hall work during high school
- Work full-time at City Hall after high school
 - Rose from Secretary to Treasurer
 - Approx 10 years later became Comptroller
- “Rita was very efficient, very pleasant. She got along with everyone, and she knew the job in and out. She seemed like a perfect fit.” –Jim Dixon



Over \$53 Million Stolen

1991	1990-2006	2006-2012
\$181,000	\$23 million	\$30 million



- Average of \$5 million per year
 - More than half of Dixon's operating budget
 - More than the police and fire budgets combined



Steps Leading to Fraud

- Crundwell began to make herself indispensable
- Tightened grip on the city's books
- Trained newcomers
 - 5 city councils, 3 mayors, 3 financial commissioners
- Meticulously organized



How it Happened

- Crundwell almost solely responsible for city's finances
 - By late 1980s she controlled city's funds
 - Duties included:
 - Balancing the books
 - Writing the checks
 - Making the deposits
 - Requesting funds
 - Funding Projects
 - Financial Statements sent to post office box she controlled
 - Included Statements for her secret fund
 - Relative collected mail when she was away



How it Happened

- Secret bank account
- Only signatory on the account
- Lacked public transparency
- No citizen watchdogs
- Crundwell shifted funds between Dixon city accounts and finally into secret account
 - 21 audits never turned up red flags about the transfers in and out
- How she masked missing money
 - Created 159 FAKE invoices
 - Claimed late payments caused revenue shortages
 - Blamed a bad economy



Where did the Money go?

- Financed Crundwell's lavish lifestyle
 - \$2 million luxury motor home
 - Over 400 prize winning horses worth millions
 - Florida home and Dixon ranch worth millions
 - Corvette for boyfriend
 - Jewelry and gold bars
 - Lavish parties



Getting Caught

- 16 weeks of vacation in 2011
- City Clerk noticed strange bank account
- Mayor was notified
- Mayor contacted the FBI
- Crundwell sentenced to 19 ½ years in prison
- All assets turned over to FBI for auction
 - Approx \$10 million given back to Dixon



Lessons Learned

- Train Employees
- Be Skeptical/Ask Questions
- Have a Plan



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