

Risk Event Classification Masterclass

THE
INSTITUTE OF
OPERATIONAL RISK **IOR**

London
19 January 2016

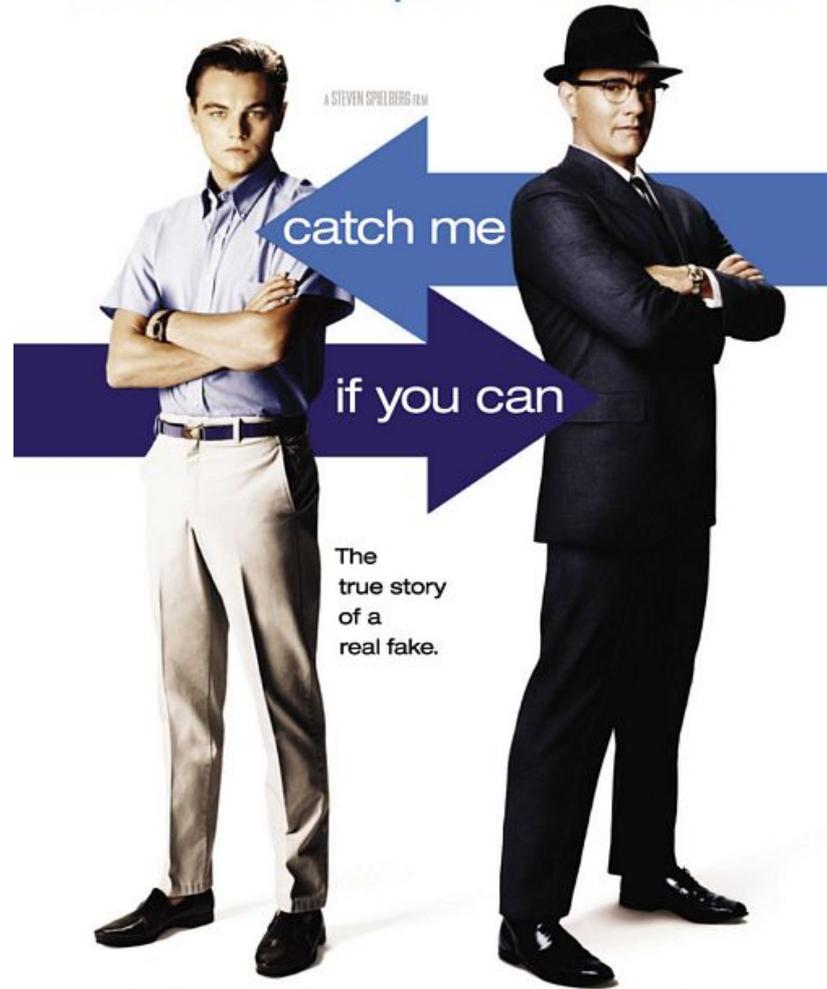
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Off to the movies....

leonardo dicaprio tom hanks



A STEVEN SPIELBERG FILM

catch me

if you can

The true story of a real fake.

DE ANIMWORKS PICTURES PRESENTS A KEMP COMPANY AND SPENDIO PICTURES PRODUCTION A PARKES/MACDONALD PRODUCTION A STEVEN SPIELBERG FILM
LEONARDO DICAPRIO TOM HANKS "CATCH ME IF YOU CAN" CHRISTOPHER WALKEN MARTIN SHEEN NATHALIE BAYE WITH DEBRA ZANE COSTUME DESIGNER DEVORAH MOOS-HANKIN
EXECUTIVE PRODUCERS FRANK W. ABAGNALE AND STAN REDDING PRODUCED BY JOHN WILLIAMS COSTUME DESIGNER MICHAEL ZIPPORIS EXECUTIVE PRODUCERS MICHAEL KAHN AND GUY JENNINE OPPERWALL EXECUTIVE PRODUCERS JANEZS KAMINSKI AND
PRODUCED BY DANIEL LUPPI DIRECTED BY BARRY KEMP WRITTEN BY LAURIE MACDONALD MICHEL SHANE AND TONY ROMANO EDITED BY STEVEN SPIELBERG WALTER E. PARKES PRODUCED BY JEFF NATHANSON
CATCH THEM IN CINEMAS STEVEN SPIELBERG PRODUCTIONS DREAMWORKS PICTURES

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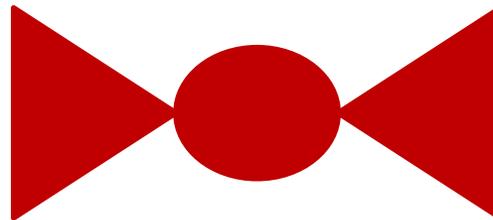
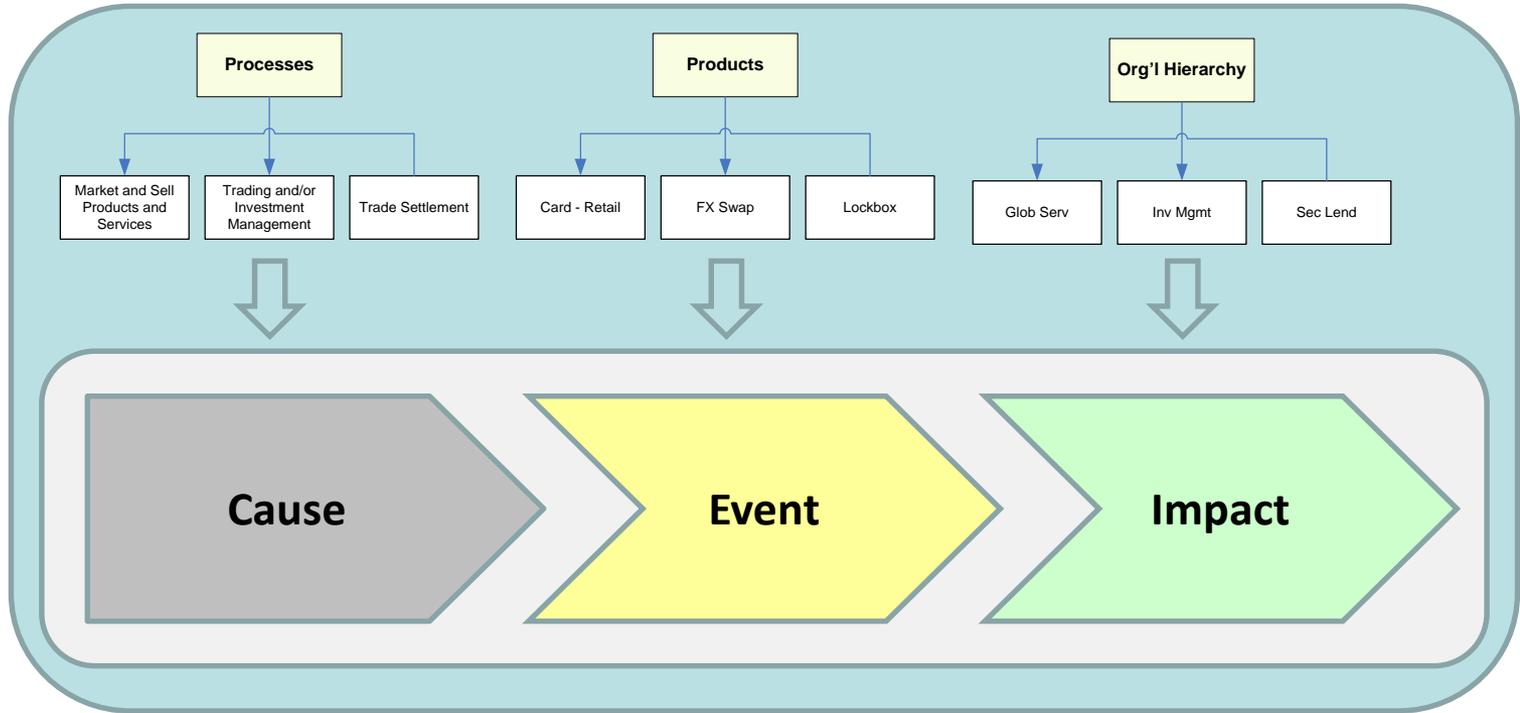
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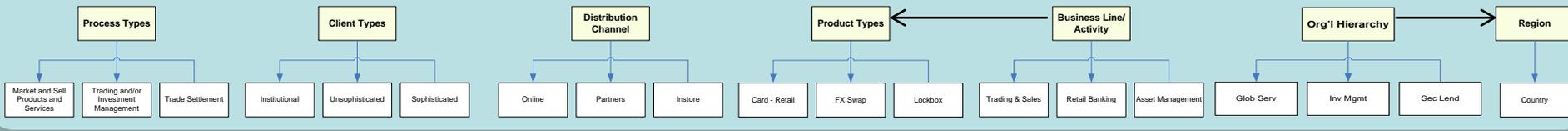
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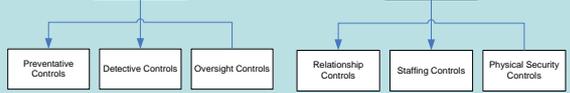
The “bow tie” model



Organisation Aspects



Control Classes



Cause

Preventative Controls

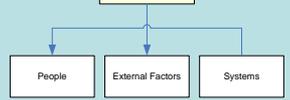
Risk/Event

Detective Controls

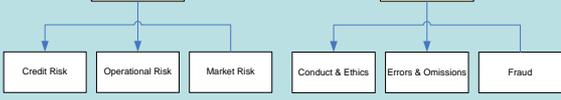
Impact

Oversight Controls

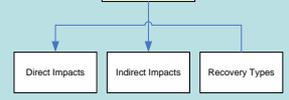
Causal Types



Risk Types



Impact Types



Corrective and remedial activities

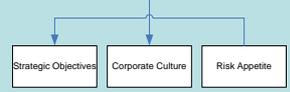
Operational Aspects



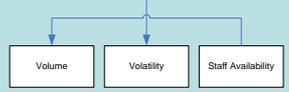
Business Environment Factors



Strategy and Vision



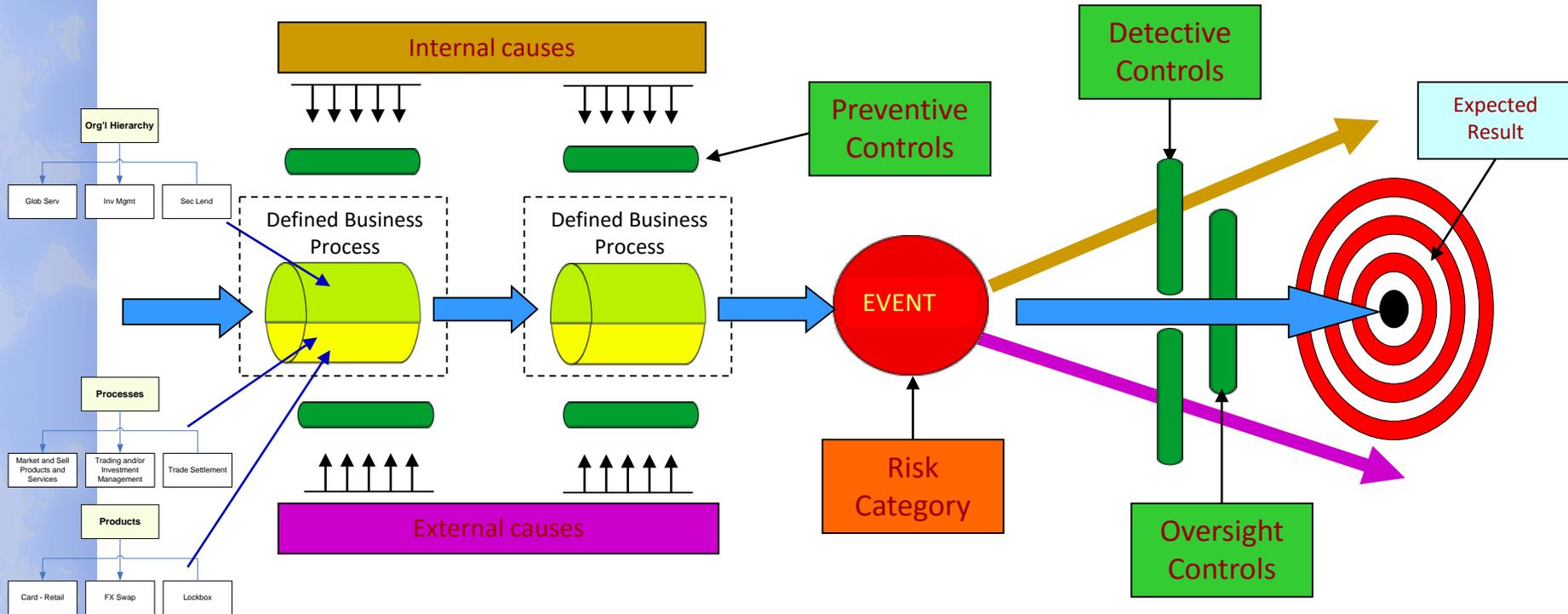
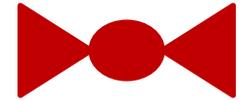
Exposure Drivers



Environmental Aspects



Event decomposition





What happened, why and how?



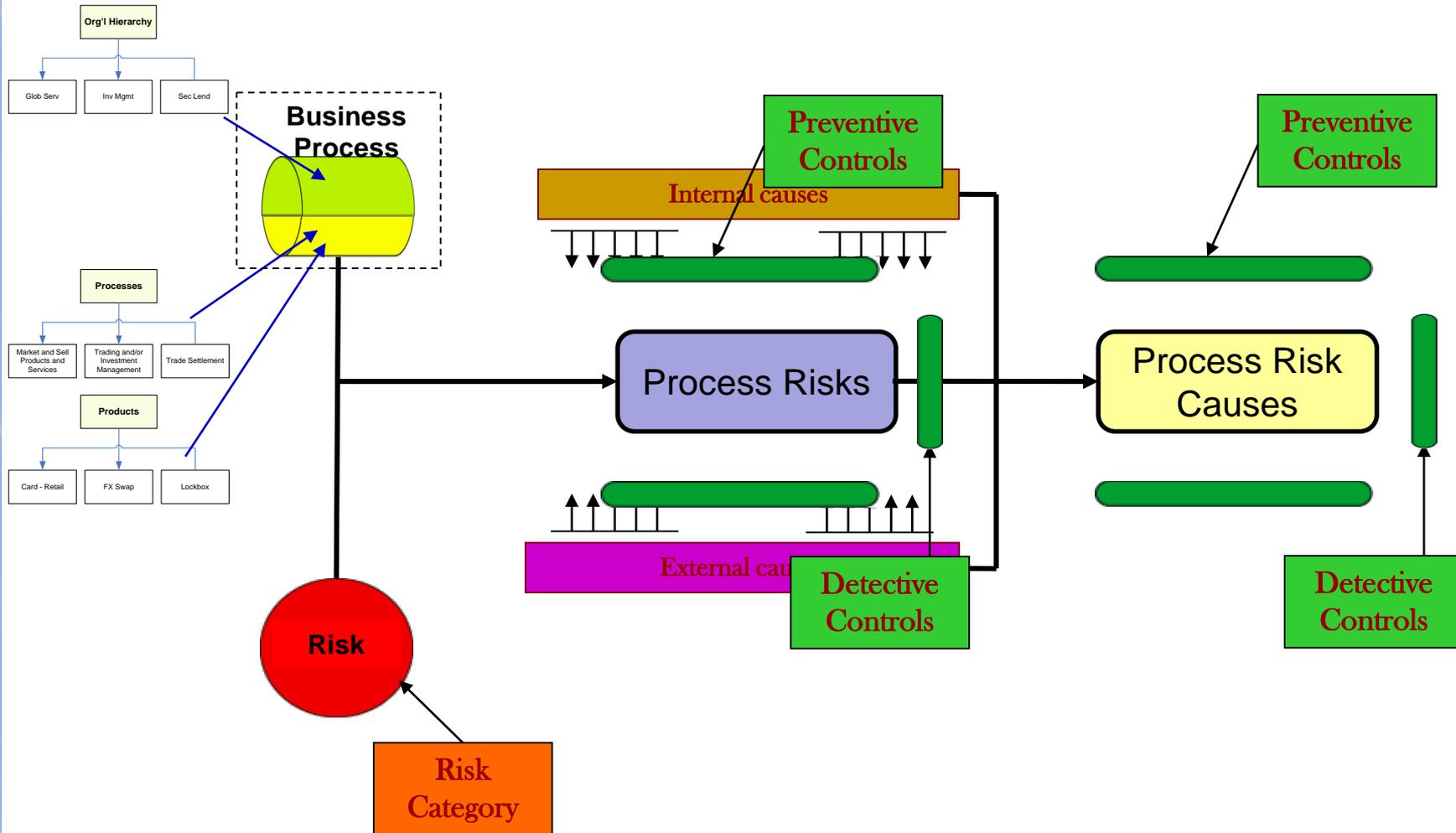
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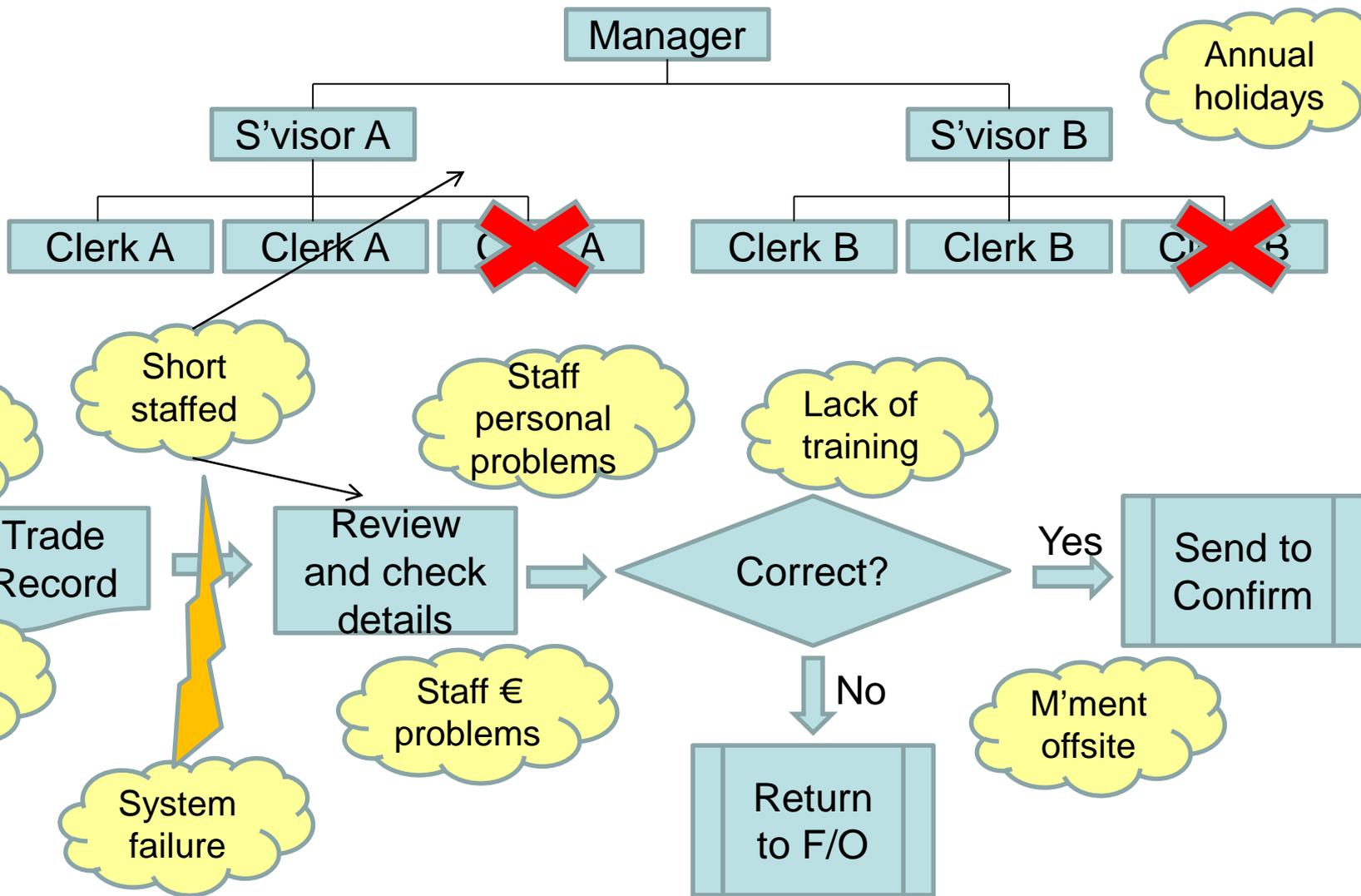


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Evolution of risk event classification



Causal chains



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Definition of Taxonomy

- **Taxonomy** is the practice and science of classification.
 - The word finds its roots in the Greek *τάξις*, *taxis* (meaning 'order', 'arrangement') and *νόμος*, *nomos* ('law' or 'science').
 - Taxonomy uses taxonomic units, known as **taxa** (singular taxon).

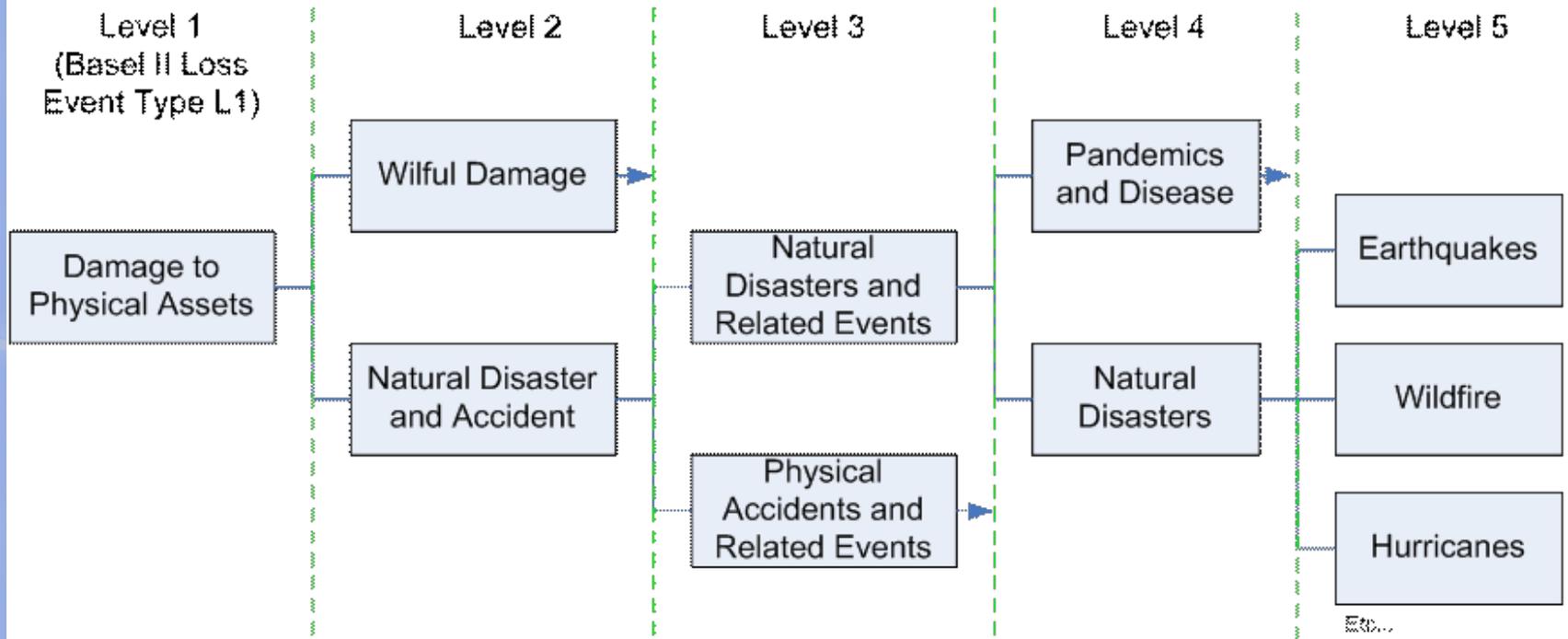


Good Classification needs a *great* Taxonomy

- A *Taxonomy* is a mechanism for the consistent categorisation of information relating to exposures arising from business activity and the methods and tools business employs to protect itself from such exposures
- Typically consists of categorisers such as:
 - Business functions or process types
 - Risk categories (loss event types)
 - Products and Service types
 - Business lines
 - Causal categories
 - Control types
 - Impacts types (direct, indirect, recovery types)
 - Geographies, languages, currencies, industries, etc.



Sample Risk Category structure





Sample Risk Category Structure

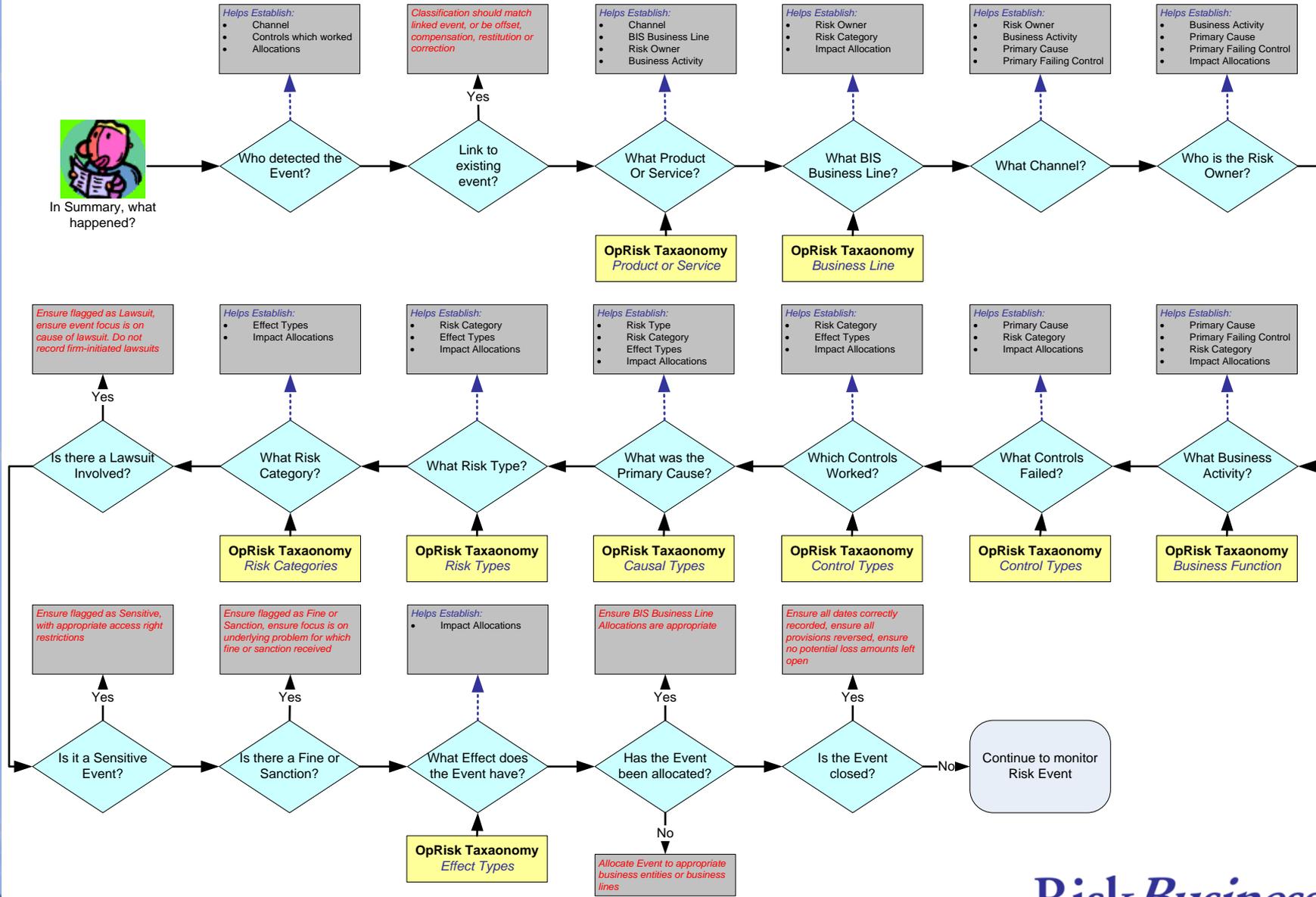
Category	Definition	Qualification	Keywords
<i>[2] Natural Disaster and Accident</i>	<i>Losses incurred when a force of nature or a terrorist, causes significant property damage or physical injury, and possibly related financial impacts; or when a person by accident causes property damage or physical injury.</i>		client property; clients; customer property; customers; restitution; client data; client information; customer data; customer information
[3] Natural Disasters and Related Events	Losses and damage to internal assets or systems resulting from natural disasters.	INCLUDES loss and damage from rainstorms, hail, etc. that may qualify as "weather events" rather than "disasters." EXCLUDES losses from pandemic or disease.	
<i>[4] Pandemics and Disease</i>	Losses from pandemic or epidemic illness that prevents normal business operations on a wide scale.	EXCLUDES losses or disruptions from ordinary absenteeism due to illness. EXCLUDES events with impacts limited to business disruption from utility / public infrastructure outages (treated separately). EXCLUDES acts of bioterrorism. EXCLUDES public health issues arising from environmental hazards on company property, etc. (see "Premises safety").	Pandemics and Disease; personal injury; physical damage; property damage; client property; clients; customer property; customers; restitution; client data; client information; customer data; customer information; <i>act of god; acts of god; avian flu; bird flu; disease; epidemic; HIV; illness; pandemic; plague; SARS</i>



Risk event classification process flow



In Summary, what happened?





Classification Elements

- Product and Service Types
- Process or Business Function Type
- Causal Factor or Driver Types
- Risk Types, Risk Categories
- Control Classes, Control Types
- Impact Types
- Other Elements



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- You may also be interested in the latest journal on operational risk, *The Risk Universe* – please visit www.riskuniverse.com and sign-up for a free trial subscription.

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Event Details	
Title	Bank's directors fined by Comptroller of Currency
Description	<p>Federal banking regulators have levied \$23,000 in fines against members of the First National Bank of Hays board of directors.</p> <p>The fines, in increments of \$1,000, \$3,000 and \$7,500, stem from the members' failure to comply with a formal agreement between the bank and the Comptroller of the Currency, the bank's regulatory agency. That agreement focused on the financial stability of the bank.</p> <p>On Wednesday, FNB President Alan States said the fines date back to conditions existing nearly eight months ago.</p> <p>"These were no violations of law," States said. "These were all technical violations."</p> <p>The fines against board members were levied Feb. 2 but only announced by the Comptroller's office Monday. The bank has more than \$87 million in assets.</p> <p>Fines amounting to \$7,500 each were assessed against States and Executive Vice President and senior loan officer Randy Schmidtberger. Fines of \$3,000 apiece were levied against Michael McClellan and Carolyn States, while \$1,000 fines were assessed against both Charles Allphin and Kathlene Perrigo.</p> <p>Except for Perrigo, the other five were listed as members of the bank's board of directors.</p>
Event date	16/03/2012
Source	The Hays Daily News (www.hdnews.net)
Source article URL	http://www.hdnews.net/Story/banking031612
Country	United States of America
Amount	23,000.00 USD
Involved entities	First National Bank of Hays
Business line	
Tags	Capital Reserves; Compliance Breach; Regulatory Sanction or Fine

Event Details			
Title	NAB payments glitch affects most banks		
Description	<p>Government agency Centrelink says National Australia Bank Ltd (NAB) has advised it that it has fixed a payments system fault that has affected thousands of customers of most Australian banks.</p> <p>However, the bank itself says it is still working on the problem.</p> <p>NAB on Friday alerted customers via messages on Twitter and its internet banking website that delays in transaction processing had occurred and some customers' account balances may not be up to date.</p> <p>The bank issued a media statement at 1235 AEST saying it is working to rectify the matter and would provide further updates later on Friday.</p> <p>But a Centrelink spokesman told AAP the government agency had been advised by NAB the fault has already been fixed.</p> <p>"We've been told by NAB that the problem has been fixed and payments are now being processed," he said.</p> <p>"There may be some delayed payments but they are all now going through."</p> <p>Centrelink received calls from customers earlier on Friday advising they had not received scheduled payments.</p> <p>NAB on Friday advised all financial institutions of technical difficulties, according to a Bank of Queensland (BOQ) internal email to staff.</p> <p>Transactions to and from NAB accounts had not been processed and NAB was unable to confirm when the transactions would be updated, BOQ told its employees.</p> <p>Further comment was being sought from NAB, Macquarie Group, Citi and HSBC.</p> <p>Commonwealth Bank, ANZ Banking Group and Westpac Banking Corporation confirmed their customers had been affected and they were working with NAB to fix the fault.</p> <p>Delays in the processing of payrolls had occurred, with employees who bank with NAB not receiving their scheduled payments, the banks said.</p> <p>Other transactions dated Thursday may be affected, Westpac said.</p> <p>An IT fault with NAB's payment processing system caused havoc last December when NAB was unable to process transactions for more than a week.</p> <p>Its effect reached across most Australian financial institutions, HSBC and Citi, affecting most customers including Centrelink clients.</p>		
Event date	15/04/2011	Source	The Sydney Morning Herald (www.smh.com.au)
Source article URL	www.smh.com.au		
Country	Australia	Amount	Undisclosed
Involved entities	National Australia Bank; Centrelink; Bank of Queensland; Commonwealth Bank of Australia (CBA); ANZ; Westpac; HSBC; Citigroup; Macquarie Bank		
Business line			
Tags	System Disruption; System Failure		
Related Newsflashes	<p>10/02/2012 NAB services knocked out</p> <p>15/06/2011 Online banking problems mount for Oz banks as CBA's NetBank breaks down</p> <p>01/12/2010 Thousands apply for NAB compensation</p> <p>29/11/2010 NAB tech woes continue as customers suffer though the weekend</p> <p>29/11/2010 Thousands still in NAB pay limbo</p> <p>25/11/2010 Payday woes hit NAB</p> <p>01/10/2010 Technical glitch hits NAB net banking</p>		

Event Details	
Title	Bogus cash-in-transit collectors steal R5m
Description	<p>A man has been arrested for stealing R5m from Gauteng businesses in fake cash-in-transit collections, police said on Wednesday.</p> <p>The 50-year-old man was arrested in Hekpoort, Krugersdorp, on Tuesday when he was found in possession of Coin security company cash collection receipts, said Lieutenant Colonel Tshisikhawe Ndou.</p> <p>Two cash collection boxes and a dismantled cash-in-transit van were also recovered.</p> <p>The man and accomplices went to shops and companies and picked up their cash before the real cash vans arrived, said Ndou.</p> <p>He said the van was reported stolen in Diepkloof in 2010. It was believed that the man modified it into a cash-in-transit van, but dismantled it when he realised the authorities were closing in on him.</p> <p>The man was linked to 22 false collections in Gauteng since 2010. He would appear in Krugersdorp Magistrate's Court on Thursday.</p> <p>Police expected to make more arrests soon.</p>
Event date	07/03/2012
Source	News 24 (www.news24.com)
Source article URL	http://www.news24.com/SouthAfrica/News/Bogus-cash-in-transit-collectors-steal-R5m-20120307
Country	South Africa
Amount	5,000,000.00 ZAR
Involved entities	Protea Coin Group
Business line	Retail Banking
Tags	Cash in Transit; Misrepresentation; Passing Off; Theft

Event Details			
Title	HBoS sends customer 75,000 statements		
Description	<p>UK high street bank HBoS is investigating how a customer who requested a copy of her bank statement ended up being sent the confidential details of 75,000 other account holders. An inquiry has been launched after Stephanie McLaughlin, 22, asked HBoS for a bank statement but received five packages containing 2500 sheets containing other customers names, sort codes and account details instead.</p> <p>According to press reports, each page had details for 30 accounts, including pay-in and withdrawal information. McLaughlin has now sent the packages back to the bank. HBoS has apologised for the incident, which it says is "serious" but "isolated". The bank says it will take steps to ensure there is no security issue for customers as a result the blunder.</p>		
Event date	25/01/2007	Source	Google (www.google.com)
Source article URL	www.google.com		
Country	United Kingdom	Amount	.00 GBP
Involved entities	Halifax Bank of Scotland (HBOS)		
Business line	Retail Banking		
Tags	Employee Error, Omission or Negligence; Inadequate Internal Controls; Privacy Breach		

Event Details	
Title	ING takes a \$30m hit in accountancy fraud case
Description	<p>The multinational insurance and finance company ING suffered a \$30 million net loss from the massive fraud committed by its senior accountant, Rajina Subramaniam, court documents reveal.</p> <p>Files released after Subramaniam was sentenced to at least seven years' jail last week, show the company has recovered only a third of the \$45.3 million the 42-year-old stole over five years.</p> <p>While most of the incredible haul of luxury goods and property purchased with the money - including \$16 million worth of Paspaley Pearls jewellery and eight waterfront apartments - has been recovered and resold by the company, it has taken a substantial hit.</p> <p>"There is no realistic possibility that the full cost of those items can be fully recovered," documents tendered by the prosecution state.</p> <p>This is due, in part, to the fact that Subramaniam paid well above market rates for the properties she purchased.</p> <p>The court documents also paint a less-than-flattering picture of internal security at the section of ING where Subramaniam worked, ING Australia Holdings.</p> <p>During her interview with police shortly after being arrested, Subramaniam said: "My manager is so slack, he didn't care, so I was sort of doing it to see when I would get caught [but] you know, he just left it open for me."</p> <p>She said the manager - who cannot be named - would come in at 10am, and appeared not to be interested in the job.</p> <p>It is understood Subramaniam did not have any formal accounting qualifications, but had worked her way up from the position of assistant accountant.</p> <p>As a senior accountant she made 200 illegal transfers into her personal accounts or directly to shops and real estate agents.</p> <p>She then used the computer log-ins of former staff to delete the records or alter them so the transactions appeared legitimate.</p> <p>"Whilst this conduct was deceptive, it was not particularly sophisticated," Subramaniam's defence barrister said during her sentencing hearing.</p> <p>An ING spokeswoman said the case was an exceptional circumstance of fraud, involving a trusted long-time employee.</p> <p>She said ING "acted immediately to investigate and address the situation upon receiving the details of the fraud" and was satisfied with its security measures.</p> <p>The documents also raise questions about the ease with which Subramaniam was able to purchase items from Paspaley Pearls. She told police despite an initial request for her name, date of birth and postal address, staff never asked her "where the money I was using to purchase jewellery came from or how I could afford to buy Paspaley jewellery".</p> <p>The documents show she developed personal relationships with a number of the staff and was wined and dined, including a dinner with the patriarch of the chain, Nick Paspaley.</p> <p>The company declined to comment, but said it formed many relationships with customers.</p>
Event date	16/02/2012
Source	The Sydney Morning Herald (www.smh.com.au)
Source article URL	http://www.smh.com.au/business/ing-takes-a-30m-hit-in-accountancy-fraud-case-20120215-1t6ru.html
Country	Australia
Amount	30,000,000.00 AUD
Involved entities	ING Groep NV
Business line	Corporate Services
Tags	Embezzlement; Inadequate Internal Controls
Related Newsflashes	<p>10/02/2012 \$45m fraud accountant gets minimum 7 years</p> <p>23/06/2011 \$45m Sydney fraudster splurged on luxuries</p> <p>19/12/2009 Accountant accused of nation's second largest fraud</p>

Event Details			
Title	MF Global's compliance systems weren't up to speed		
Description	<p>'MF Global still hadn't completed an upgrade of its 'compliance' systems as the firm was taking outsized risks in the bond market that led to its eventual demise, the FOX Business Network has learned.</p> <p>The compliance upgrade, according to people with direct knowledge of the matter, began in early 2011, at the time that the firm's then-chief executive Jon Corzine began implementing a new strategy, where MF Global would move away from a business model that involved being a broker and executing trades largely in the futures market, to one in which it made bets with its own capital in various markets around the world.</p> <p>However, these people say the compliance upgrade - which was designed to monitor appropriate levels of risk taking at the firm - wasn't completed even as the firm began to increase its trading activities. Some on Wall Street are pointing to faulty compliance procedures as the root cause for the firm's troubles and eventual bankruptcy filing.</p> <p>It could not be determine how far along MF Global was in completing the compliance upgrade. One person at the firm tells FOX Business that MF Global was still in the process of hiring compliance personnel even as it ramped up its risk taking, and that the last major upgrade of compliance occurred before Corzine took over as CEO in 2010.</p> <p>Bankers who studied the firm's books in the days before its bankruptcy say the firm didn't not have in place the proper controls not just regarding risk, but also regarding how to keep separate customer trading accounts from other firm activities.</p> <p>Regulators say MF Global co-mingled customer accounts with other activities, which is the likely reason for nearly \$600m of customer assets missing from the firm. Sources close to the multiple investigations into the firm's demise tell Fox Business that one of the key questions for regulators will be whether MF Global's compliance systems were adequate to handle the increase in risk taking.</p> <p>An MF Global spokeswoman would not deny that the firm's compliance systems weren't fully upgraded and had no further comment. An attorney for Corzine, who resigned as MF Global CEO late last week, didn't return a telephone call for comment.</p> <p>MF Global's now infamous bet on the risky sovereign debt issued by Italy and Spain, accompanied another move to increase the firm's 'leverage', which allows traders to enhance market gains through borrowed money. While leverage can increase returns, it can also compound losses when markets tumble, as they did in 2008 during the financial crisis. That's when the nation's big banks borrowed as much as 50X more than their capital on hand to finance money-losing investments tied to the real estate market, and were heading toward insolvency before a massive government bailout.</p> <p>MF Global was leveraged close to 40X its capital, according to people close to the matter. News of its leverage was a major reason that trading partners and creditors to begin pulling away from the firm in recent weeks out of fear when it became clear that one of MF Global's biggest bets involved debt of Italy and Spain.</p> <p>Though neither country has defaulted, fears of a European market meltdown have grown particularly during the prolonged bailout efforts involving Greece. It was this fear that Italy and Spain might default - even if they hadn't yet - that caused clients and credits to stop dealing with MF Global, thus hastening its demise.</p> <p>People at MF Global say the market reaction was unfair since neither Italy nor Spain had defaulted, and eventually the firm's bet would prove to be a winner. But market participants weren't willing to take a chance, and began not just pulling away from MF Global, but also unloading the firm's stock, causing its shares to fall just below \$1.</p> <p>The final straw for the firm was multiple downgrade by credit rating companies that declared MF Global's debt to be below investment grade, or junk. With that, nearly all the firm's funding from outside parties dried up and it was forced into liquidation and eventually, bankruptcy.</p>		
Event date	08/11/2011	Source	Here is the City News (http://news.hereisthecity.com)
Source article URL	http://hereisthecity.com/2011/11/08/exclusive-mf-globals-compliance-systems-werent-up-to-speed/		
Country	United States of America	Amount	Undisclosed
Involved entities	MF Global		
Business line	Retail Brokerage		
Tags	Bank Failure; Client Money Segregation; Compliance Breach; Corporate Governance; Mismanagement		
Related Newsflashes	<p>09/03/2012 MF Global Holdings executives to get bonuses if court approves</p> <p>10/02/2012 MF Global judge to examine insurance payments for former executives</p> <p>08/02/2012 MF Global computers struggled to cope in final, chaotic days</p> <p>11/01/2012 FSA under fire for no-show at MF Global funds meeting</p>		

Event Details	
Title	BGC accuses Tullett of data theft
Description	<p>BGC Capital Markets has accused bitter rival Tullett Prebon of stealing its proprietary pricing data in a lawsuit that seeks "hundreds of millions of dollars" in restitution.</p> <p>The suit has been filed in the New York Supreme Court over data supplied to Tullett Prebon as part of a now defunct treasury swaps joint venture product.</p> <p>BGC claims that Tullett brokers accessed the data without permission and is suing for unjust enrichment, unfair competition and computer fraud.</p> <p>BGC claims that the data theft continued undetected for over five years.</p> <p>Tullett Prebon has yet to comment on the allegations.</p>
Event date	10/11/2010
Source	Finextra (www.finextra.com)
Source article URL	www.finextra.com
Country	United States of America
Amount	Undisclosed
Involved entities	BGC Partners; Tullett Prebon
Business line	Corporate Services
Tags	Lawsuit; Theft; Trademark or Copyright Infringement

Event Details		
Title	Trader deserved to be fired, says RBS	
Description	<p>Royal Bank of Scotland says it did nothing wrong when it fired a former Singapore trader because he sought to manipulate London interbank offered rates (Libor) to boost his own profits.</p> <p>Tan Chi Min, the former trader, sued the bank over his dismissal and is seeking to recoup US\$1.5 million in bonuses and 3.3 million RBS shares that he says he is owed.</p> <p>Tan deserved to be fired because he was guilty of "gross misconduct", RBS, Britain's biggest government-owned lender, said in papers filed in Singapore High Court yesterday. He tried to improperly influence RBS' rate setters from 2007 to last year and persuade them to submit Libor rates at levels benefiting him, RBS said.</p> <p>RBS is co-operating with investigations by the US Commodity Futures Trading Commission, the US Department of Justice and European Commission into whether Libor were manipulated.</p> <p>Since as early as 2007, investors have accused several banks on the Libor panel of distorting market prices by hiding true borrowing costs, leading to a series of lawsuits filed last year that are making their way through courts in Europe and the United States.</p> <p>Tan said in his complaint dated December 27 that he was in no position to influence the rate on his own. The former head of delta trading for RBS' global banking and markets division in Singapore said the bank failed to detail the allegations against him and did not specify how he had improperly influenced the setting of Libor.</p> <p>The British Bankers' Association sets the Libor rate after receiving input from 16 banks, including RBS. The data from the banks reflect how much it would cost them to borrow from each other for various periods of time, in currencies including US dollars, euros and yen.</p>	
Event date	20/01/2012	Source South China Morning Post (www.scmp.com)
Source article URL	http://www.scmp.com/portal/site/SCMP/menuitem.2af62ecb329d3d7733492d9253a0a0a0/?vgnnextoid=2b7cf764846f4310VgnVCM100000360a0a0aRCRD&s=Business	
Country	Singapore	Amount 2,900,000.00 USD
Involved entities	Royal Bank of Scotland (RBS)	
Business line	Trading and Sales	
Tags	Compliance Breach; Employee Relations; Market Manipulation; Regulatory Investigation	
Related Newsflashes	<p>22/02/2012 Citi, UBS provide keys to widening interest rate-rigging probe</p> <p>17/02/2012 Traders influenced LIBOR rates, says Canada regulator</p> <p>15/02/2012 Major banks under investigation in Canada</p> <p>19/10/2011 EU raids banks in probe of possible collusion in interest-rate derivatives</p> <p>29/08/2011 LIBOR probe at RBS</p> <p>19/04/2011 Investment funds blame banks in LIBOR complaint</p> <p>24/03/2011 Barclays at centre of Libor inquiry</p> <p>17/03/2011 BofA, Citi and Barclays receive Libor subpoenas</p> <p>15/03/2011 UBS says US, Japanese authorities probing inter-bank lending rates</p>	

Event Details	
Title	FSA fines Credit Suisse £5.95m over structured product failings
Description	<p>The Financial Services Authority (FSA) has fined Credit Suisse's UK arm £5.95 million for systems and controls failings in relation to sales of structured products.</p> <p>The FSA said the fine relates specifically to sales made by its private bank of structured capital at risk products (Scarps).</p> <p>Scarps are complex financial instruments that provide income to investors but these products also expose the end user to the risk of losing all or part of their initial capital.</p> <p>Between January 2007 and December 2009 Credit Suisse UK clients invested over £1 billion in Scarps, the FSA said. However, during that period there were a number of serious failings in the systems and controls in respect of those sales, the regulator added. These included:</p> <ul style="list-style-type: none"> •Inadequate systems and controls in relation to assessing customers' attitudes to risk; •Failing to take reasonable care to properly evidence the suitability of Scarps for customers; and •Failing to monitor staff effectively to ensure that they took reasonable care. <p>Concerns were raised to the regulator during a supervisory visit to the firm and this led to a subsequent FSA enforcement investigation.</p> <p>'The FSA has found that Credit Suisse UK had poor systems and controls in place and failed to maintain adequate records regarding its advice on these products,' the FSA said in a statement. 'As a result, customers were exposed to an unacceptable risk of being sold a Scarps that was unsuitable for them.'</p> <p>Credit Suisse reaction</p> <p>Since the failings were discovered, the FSA said Credit Suisse has made a number of changes to its systems and advisory processes, helping to ensure the suitability of advice given to clients. It has also agreed to carry out a past business review that will be overseen by an independent third party.</p> <p>Tracey McDermott, the FSA's acting director of enforcement and financial crime, said that a proper assessment of clients' needs is particularly important when complex instruments like Scarps are involved.</p> <p>'Credit Suisse UK's systems were not up to the level we, and their customers, are entitled to expect. Our recent 'Dear CEO' letter to the wealth management industry made it clear that significant and widespread failings exist in this area and standards need to improve. This penalty should leave firms in no doubt about our determination to make that happen,' McDermott added.</p>
Event date	25/10/2011
Source	CityWire (www.citywire.co.uk)
Source article URL	http://citywire.co.uk/wealth-manager/fsa-fines-credit-suisse-5-95m-over-structured-product-failings/a536040
Country	United Kingdom
Amount	5,950,000.00 GBP
Involved entities	Credit Suisse; Financial Services Authority (FSA)
Business line	Private Banking
Tags	Inadequate Internal Controls; Regulatory Sanction or Fine; Sales Practices

Event Details	
Title	Wells Fargo wires crook \$2.1m
Description	<p>Wells Fargo has been tricked into transferring over \$2 million from a customer escrow account to a scammer who faxed asking for the money.</p> <p>The con, revealed in lawsuit papers seen by Forbes, involved an unnamed crook faxing the bank's corporate trust services department in San Francisco and convincing it to wire money from an escrow account Wells maintained for Californian hospital chain Catholic Healthcare West (CHW).</p> <p>The scam was made possible because CHW is required to maintain \$7.5 million in an escrow account as part of its contract with Merced County to operate a medical centre. The firm wanted to move the account to Wells from WestAmerica Bank, a move that needed the green light from the Merced County Board of Supervisors.</p> <p>As part of the moving process, last February the board put a partial copy of the escrow agreement, including the signatures of Merced County director of public health Tammy Chandler and CHW CFO Michael Blaszyk, on the county's public Web site.</p> <p>These signatures proved useful to the crook, who on 6 December included forgeries of them in a fax sent to Wells Fargo asking for \$445,000 to be wired from CHW to an HSBC account in New York held in the name of HUGE International T. Ltd. The transfer did not go ahead because HSBC said it had no such account.</p> <p>On 14 December another fax was received by Wells asking for \$445,000 to be wired to a Hong Kong account for HUGE International at Hang Seng Bank. This was also rejected because no such account existed.</p> <p>However, just days later a third fax asked for \$989,000 to be sent to an account for Textil Trading UK Limited at Standard Chartered Bank in Hong Kong and this one went through.</p> <p>This was followed two days later by a fax asking for \$2.9 million to be sent to the Standard Chartered account - a request denied only because it required the sale of securities. The next day a fax asking for the smaller figure of \$1.1 million worked for the scammer.</p> <p>Finally, on 28 December when it received a sixth fax asking for the transfer of \$2.2 million, a Wells escrow agent called CHW and discovered it had been duped.</p> <p>The US Attorney has now filed a "complaint for forfeiture" in a bid to get Hong Kong authorities to recover the stolen money from the fraudster's account. Meanwhile, Wells told Forbes that it had been the victim of a "sophisticated fraud".</p>
Event date	29/02/2012
Source	Finextra (www.finextra.com)
Source article URL	http://www.finextra.com/news/fullstory.aspx?newsitemid=23476
Country	United States of America
Amount	2,089,000.00 USD
Involved entities	Wells Fargo
Industry type	Banking
Business line	Agency Services
Tags	Forgery; Inadequate Internal Controls; Misrepresentation; Payments Fraud

Event Details	
Title	Bank of America tries to burnish tarnished image with ads
Description	<p>Bank of America Corp, under fire for everything from improper foreclosures to hiking debit card fees, is fighting back with advertising.</p> <p>The bank is running TV, print and online ads through the end of the year in 12 larger markets, including Charlotte, Boston, Chicago, New York and Los Angeles, as well as some smaller communities, said bank spokesman T.J. Crawford.</p> <p>The ads describe the bank's charitable donations and small business loans, as well as its efforts to ease loan terms for underwater mortgage borrowers, known as "loan modifications."</p> <p>"The campaign aims to deliver the facts about Bank of America's local impact," Crawford said. "Sharing the significant work we do at the local level and critical role we play is more important than ever."</p> <p>Bank of America's critics were not impressed.</p> <p>The ads are "irrelevant," said Kathleen Day, spokeswoman for the Center for Responsible Lending, a Durham, North Carolina-based nonprofit that advocates for homeowners. "The only thing that matters is that they and other banks clean up their servicing operations so they can do more loan modifications and never do the same thing to the economy again."</p> <p>Bank of America and other banks launched similar campaigns when they faced criticism in 2009 for taking government bailout dollars.</p> <p>Large banks have paid back that money but face continuing outrage over their mishandling of foreclosure paperwork, new fees they are charging consumers, and the continuing economic fallout from the financial crisis.</p> <p>The "Occupy Wall Street" movement has spread from New York to other cities around the country, including the bank's hometown of Charlotte, North Carolina.</p> <p>The nation's largest bank by assets debuted the campaign September 26, days before it announced a new \$5 per-month debit card fee and experienced problems with its web site.</p> <p>An ad that ran Sunday in Charlotte carried the tagline: "We're working to help keep the North Carolina economy moving forward."</p> <p>It noted the bank's contributions to the state, including \$159 million in loans to small businesses in the first half of the year, more than 22,000 loan modifications since 2008 and \$10.8 million in charitable commitments this year.</p> <p>The bank does not disclose the cost of its advertising campaigns, Crawford said. In the first half of this year, Bank of America spent \$1.1 billion on marketing, up from \$982 million in the same period last year, according to its second-quarter earnings report.</p> <p>Bank of America lost \$7.4 billion for common shareholders in the first half of the year, as it set aside money to cover mortgage loses and legal settlements. It reports third-quarter earnings on October 18.</p>
Event date	11/10/2011
Source	NewsDaily (www.newsdaily.com)
Source article URL	http://www.newsdaily.com/stories/tre79a7ay-us-bankofamerica-ads/
Country	United States of America
Amount	1,100,000,000.00 USD
Involved entities	Bank of America
Business line	Corporate Services
Tags	Advertising and Marketing; Reputation Issues

Event Details	
Title	Goldman Sachs exec quits, saying environment at firm is 'toxic'
Description	<p>In a very public and scathing resignation letter, Goldman Sachs executive director Greg Smith has called the atmosphere at the massive investment bank "as toxic and destructive as I have ever seen it."</p> <p>"Today is my last day at Goldman Sachs," wrote Smith, who was the head of the firm's U.S. equity derivatives business in Europe, the Middle East and Africa, in an Op-Ed in the New York Times on Wednesday titled "Why I am Leaving Goldman Sachs."</p> <p>Smith, who is based in London and has been with Goldman for 12 years, went on to describe what he says is a deteriorating culture at Goldman Sachs where clients are called "muppets" and their interests are given short shrift.</p> <p>"The firm has veered so far from the place I joined right out of college that I can no longer in good conscience say that I identify with what it stands for," Smith wrote.</p> <p>Smith blamed the culture shift on chief executive Lloyd Blankfein and president Gary Cohn. "I truly believe that this decline in the firm's moral fiber represents the single most serious threat to its long-run survival," Smith wrote.</p> <p>"It makes me ill how callously people talk about ripping their clients off. Over the last 12 months I have seen five different managing directors refer to their own clients as 'muppets,' sometimes over internal e-mail," wrote Smith, who says he went to Stanford University on a full scholarship, was a finalist for a Rhodes Scholarship and won a bronze medal for table tennis at the Maccabiah Games in Israel.</p> <p>In an emailed statement, Goldman Sachs, said, "We disagree with the views expressed, which we don't think reflect the way we run our business. In our view, we will only be successful if our clients are successful. This fundamental truth lies at the heart of how we conduct ourselves."</p> <p>So far, msnbc.com hasn't been able to track Smith down for a comment, but the Wall Street Journal, quoting a person familiar with the matter, said Smith is a vice president, which is a common title on Wall Street, even among junior staff.</p>
Event date	14/03/2012
Source	MSNBC (www.msnbc.msn.com)
Source article URL	http://bottomline.msnbc.msn.com/news/2012/03/14/10682553-goldman-sachs-exec-greg-smith-quits-saying-environment-at-firm-is-toxic
Country	United Kingdom
Amount	.00 GBP
Involved entities	Goldman Sachs
Business line	Corporate Services
Tags	Corporate Governance; Employee Relations; Reputation Issues
Related Newsflashes	15/03/2012 Goldman's Greg Smith effect