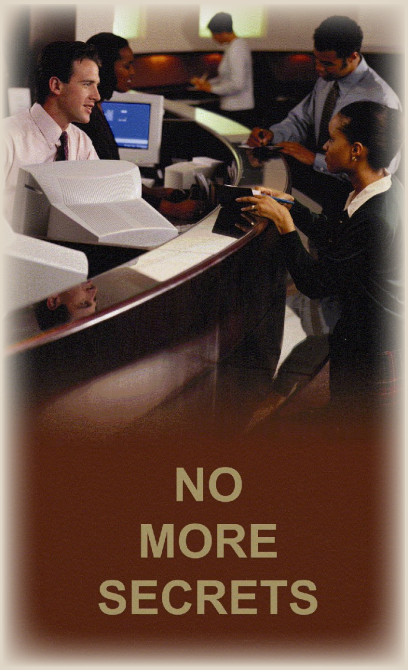

Focus Technology Group

Fraud Wizard™

(A Database Integrated Insider/Employee Fraud Detection Tool)

Fraud Wizard is FTG's analytical tool that will uncover insider/employee fraud, recognize possible identity theft, and highlight errors, omissions and operating weaknesses that can facilitate fraud.

THE PROBLEM

The growing awareness of the extent of financial crime points to insiders/employees causing the greater part of losses to financial institutions. Insider fraud associated with identity theft is increasing and losses from fraudulent loans and manipulation of customer accounts is massive. The ABA, BAI and Tower Group came to the same independent conclusion in 2005:

65%-70% of Fraud Dollar Losses are Due to Insider/Employee Fraud

According to a 2006 ACFE report, the median loss within a financial institution due to insider/employee fraud is $258,000. Over $6.5 billion in insider/employee fraud losses was reported in 2005. It is not possible to measure the extent of fraud currently in progress. But, it is acknowledged to be significantly more than that which is detected. As a case in point, Sterling bank in Pennsylvania experienced a $150 million employee fraud in April 2007 causing the sale of the bank. FTG's fraud analytics uncovered a major loan fraud at the Lowell Institution for Savings in Massachusetts which resulted in the failure of the bank. With the proper tools in place at the right time, both of these frauds would have been detected long before they reached disastrous proportions.

THE SOLUTION

Fraud Wizard provides the analytical rules, patterning analysis, and red flag alerts associated with the unique characteristics of insider/employee fraud. Fraud Wizard prioritizes alerts so that highly suspicious events are red flagged. A few of Fraud Wizard's employee/insider fraud detection analytical features include;

Pro-Active and Real Time Actions

- **Identity Theft** – Red flags maintenance changes to CIF fields such as alternate addresses and SS numbers for new accounts and accounts with a sudden unusual pattern of transactions. Facilitates confirmation notices to both old and new addresses.
- **Complex Transaction Patterns** – Red flags layered changes to account field values associated with account manipulation techniques, e.g. unusual patterns of loan 'force pay' transactions 'backdated' principal payments, that are made concurrent with changes to 'payment frequency', 'next payment due date', 'maturity date' accrual/non-accrual flags. Reports transaction anomalies associated with loan lapping schemes, loans rolled over to hide fraud, internally generated kites and skimming.
- **Unacceptable Transaction and Maintenance Patterns** – Red flags patterns and events that would not occur normally, e.g. account almost ready to go into dormant status has sudden withdrawal pattern and a change to alternate address. Or, multiple address changes occur over several months reflecting possible statement manipulation. Or, combinations of selective maintenance changes are detected that are being used to hide loan delinquency and various types of loan fraud. Or, unusual patterns of a teller's cash deposits points to possible theft. Fraud Wizard facilitates blocking of selective transactions, e.g. withdrawals from account when highly suspicious events are detected.

False positives are minimized and analysis of high risk suspects is facilitated through comprehensive drill-down to events. Alerts provide note taking, support of case management, integration to SARs, and police filing reports.

Fraud Wizard is delivered with many fraud detection routines already in place and ready to launch. The user interface is in plain English and rules for analysis are easily understood. Changes to rules and customized filtering of suspicious events is readily accomplished by the bank with support provided by FTG's professionals who hold CFE, CFS, CAMS and IIA accreditations.

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(Serving the financial community with fraud detection and audit tools since 1985)