

## EXCLUSIVE

Joanne Frearson



**L**ONG GONE are the days where Frank Abagnale, former con artist, walked into a bank impersonating a Pan-Am pilot trying to cash in bad cheques. The man whose life story was the inspiration behind the Hollywood movie *Catch Me If You Can*, directed by Steven Spielberg and starring Leonardo DiCaprio and Tom Hanks, is now a changed man.

Abagnale no longer makes his living impersonating people for his own gain, but instead uses his knowledge about fraudulent behaviour to help others. For more than 40 years he has been advising the FBI as well as helping companies such as Experian, LexisNexis and Intuit in their fraud prevention programmes.

"When I was a kid, everything I did – none of it was premeditated," Abagnale tells *Business Reporter* over the phone from Washington, DC. "I ran away from home and started writing some cheques. I would go into a bank and would be trying to convince the teller to cash a cheque. The teller would say, sir, you do not have a bank account here, we cannot cash a cheque for you."

"Then one day I'm walking down the street and I see this airline crew coming out of a hotel. I think to myself, if I could get this uniform and walk into a bank as an airline pilot and say I am here on a layover, I ran a little low on money, could I cash a cheque, it would give me a lot more power in getting a cheque cashed."

"I never thought about getting on airplanes, riding around for free and going to hotels – just, how could I get this uniform to cash cheques? So then there was the whole phone call to Pan-Am, getting them to give me the information on where to get the uniform."

"But, when I got the uniform, there were no wings and no hat emblem, so that was the next thing to overcome – that and the ID card. I made some phone calls and found out you had to go out to Hangar 14 at JFK airport, to what they call the Stores Department."

"I went out there and put a raincoat over my shoulder and put my hat under my armpit and walked by the security guard. All they saw was the uniform from that angle. When I got into the Stores Department, I told them I lost my wings and hat emblem and got a new pair, and that's how I got it."

By the time he was 21, Abagnale had cashed \$2.5million worth of bad cheques, flown around the world by impersonating a Pan-Am pilot, and had even worked in a hospital for a short period of time after masquerading as a doctor.

In 1969 Abagnale was arrested by the French police, and served time in the French, Swedish and US prison systems. He was given 12 years, but was released after five on the condition that he would help the US government, without being paid, by teaching and assisting federal law enforcement agencies.

The former con artist is now working on the right side of the law. Companies use his knowledge of how a fraudster might think to understand how to build technologies to stop them getting inside their systems.

The big interview **Frank Abagnale**

# If you make it easy for someone to steal from you, chances are they will

"The criminal mind and the way the criminal thinks have pretty much stayed the same," Abagnale says. "The truth is the majority of people in the world are honest. They do not have a deceptive mind. This is why they fall victim to a lot of things. They are extremely well educated business people."

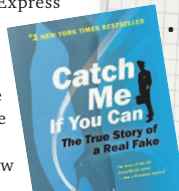
"Have that mind when I look at things – right away, I look at things from out of the box. I try to figure out what is really behind this question or this email or this letter or this phone call. That ability has come from my past."

He has spent 10 years developing a technology called the 41st Parameter with former American Express Worldwide fraud director Ori Eisen, which enables banks and companies to determine who they are doing business with on the other end of the computer.

Abagnale's passion is now

## The CV: Frank Abagnale

- Frank Abagnale has worked with the FBI for more than four decades and more than 14,000 financial institutions, corporations and law enforcement agencies use his fraud prevention programmes.
- He lectures extensively in the field offices of the Federal Bureau of Investigation and at the FBI Academy, and is a faculty member at the National Advocacy Center (NAC), operated by the Department of Justice.
- Every year he also conducts more than 100 domestic and international seminars for his clients, to educate attendees on how to reduce their exposure to fraud, forgery and embezzlement.
- His book *Catch Me If You Can* was made into a movie of the same name, as well as a Broadway musical which opened in April 2011 and won a Tony award. Other books he has written include *Stealing Your Life*, *The Art Of The Steal*, and *The Real U Guide To Identity Theft*.



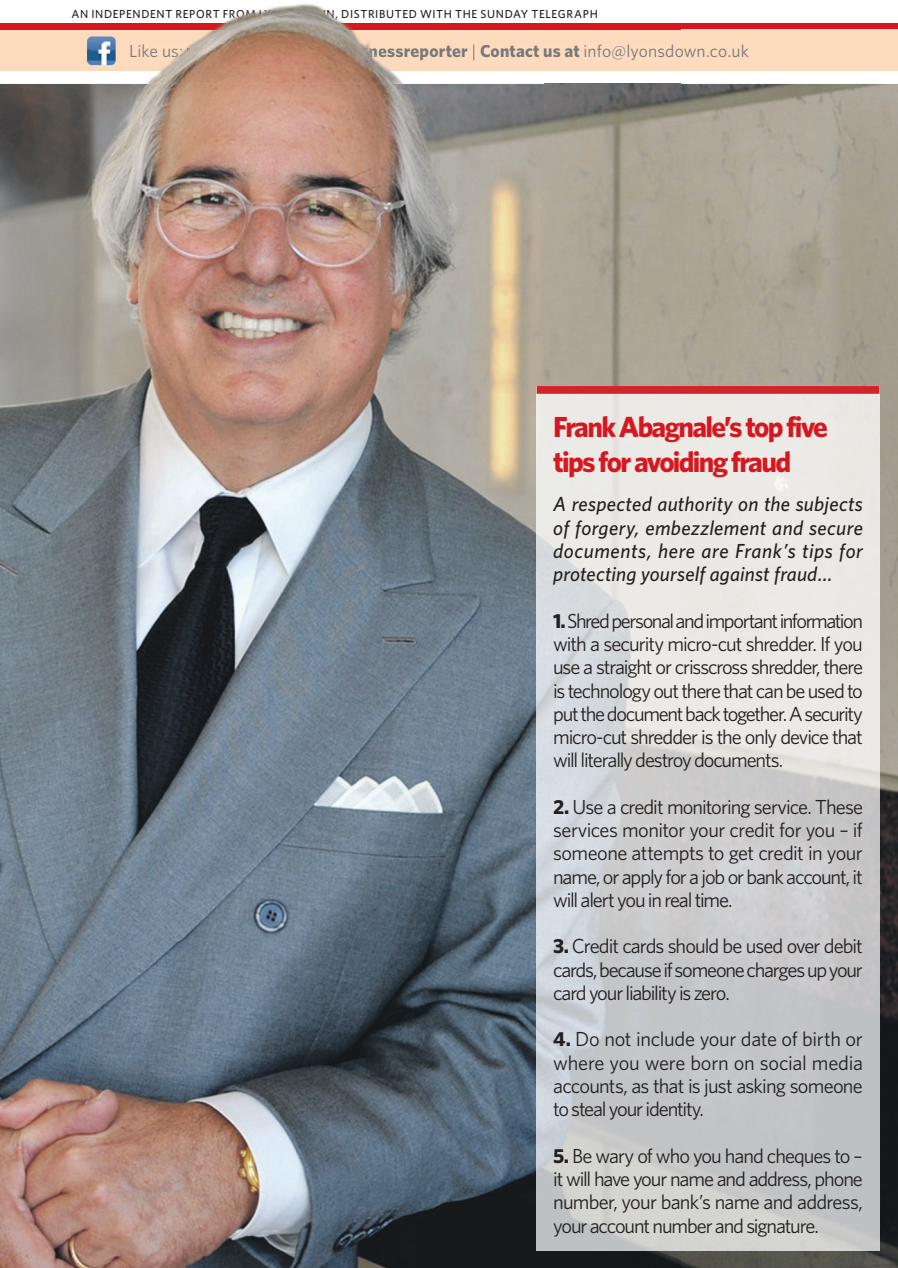
helping to educate people and companies about fraud. He says: "If you explain to people what is going on, it opens their eyes. This is why I write books, this is why I go out and lecture. The best thing I can do is simply educate people."

According to Abagnale, as long as you have information on someone stored somewhere, someone is going to find it. He believes that over the next five to 10 years, we are going to see the whole internet become much more dangerous.

He says: "Right now, the threat is financial harm, but over the next years what we are going to see is the ability to shut off someone's pacemaker from thousands of miles away. We can actually do that now, but you have to be within 35 feet of the victim, and in about five years you will be able to do that from much further."

"We can already now control cars remotely. If we are chasing after a car and we get close enough to it, we can shut the





### Frank Abagnale's top five tips for avoiding fraud

*A respected authority on the subjects of forgery, embezzlement and secure documents, here are Frank's tips for protecting yourself against fraud...*

1. Shred personal and important information with a security micro-cut shredder. If you use a straight or crisscross shredder, there is technology out there that can be used to put the document back together. A security micro-cut shredder is the only device that will literally destroy documents.
2. Use a credit monitoring service. These services monitor your credit for you – if someone attempts to get credit in your name, or apply for a job or bank account, it will alert you in real time.
3. Credit cards should be used over debit cards, because if someone charges up your card your liability is zero.
4. Do not include your date of birth or where you were born on social media accounts, as that is just asking someone to steal your identity.
5. Be wary of who you hand cheques to – it will have your name and address, phone number, your bank's name and address, your account number and signature.

motor off. We can kill the power steering. We can kill the brakes. We can lock the door, so the criminal cannot get out. Within the next five to 10 years you will see criminals using that, if they want to kill someone going down the M4.

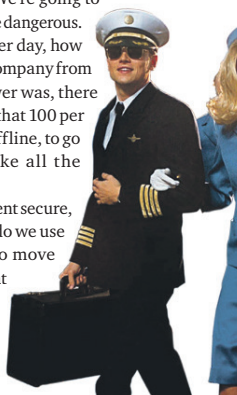
"Then, of course, there is terrorism. It will be used to attack electrical grids and banking facilities and things like that. We're going to see the internet become a lot more dangerous.

"Someone asked me the other day, how do we 100 per cent secure our company from being hit by a hacker? My answer was, there is only one way to be able to do that 100 per cent, and that would be to get offline, to go back to the old way and take all the information offline.

"The internet is not 100 per cent secure, and it is amazing that not only do we use this insecure environment to move money all over the world, but that we also use it for our defence.

"Fraud really never changes, just the means by which it is perpetrated. All of the things

**Below: Leonardo DiCaprio as Abagnale in Steven Spielberg's 2002 movie *Catch Me If You Can***



that go on today have gone on for years and years. The internet has just made it accessible to millions of people to be victimised all over the world.

"As I said to this individual, if they are hacking into aircraft carriers, bombers going across the ocean, navy destroyers and the Pentagon, you can easily imagine the damage they would do to some small business or company sitting somewhere. Unfortunately if you make it easy for someone to steal from you the chances are someone will, so don't make it easy. You have to be a little smarter today than you did 30 years ago."

Businesses and individuals certainly need to be more aware how to protect themselves against fraud these days, and Abagnale believes prevention is the only viable course of action against fraud. A classic poacher-turned-gamekeeper, Abagnale changed his life and is now a respected figure in the fraud industry, helping the FBI and businesses fight this crime. And by education and thinking outside the box, businesses and individuals can learn to protect themselves against fraud.

## What Princess Leia can teach us about fraud control

EXPERT INSIGHT

Simon Ashby



ACCORDING to the Association of Certified Fraud Examiners (ACFE), occupational fraud (asset theft, corruption and financial mis-statements) costs an average business 5 per cent of its revenues every year, with global fraud losses totalling \$3.7trillion. That is a startling amount of money, and shows how significant fraud losses are to businesses, as well as their shareholders and customers – who are likely to suffer lower dividends and higher prices as a result.

Why employees commit fraud is well understood – the so-called fraud triangle shows that fraud is typically a combination of motive (usually greed), opportunity (e.g. weak internal controls) and rationalisation (e.g. revenge, or the misplaced belief that fraud is a victimless crime). What is far more difficult is detecting and preventing individual fraud events. Knowing why an employee might become a fraudster is one thing – finding ways to actually identify those committing fraud or preventing others from engaging in fraud in the first place is quite another. The ACFE estimates that it takes on average 18 months to detect a fraud case, which suggests that there is plenty of room for improvement.

So what is the secret to effective fraud detection and prevention in organisations? If I had the answer to that I would already own the super yacht and Cap d'Antibes mansion I dream about (and I am far too honest ever to consider acquiring them via non-legitimate means). However, there are a few key factors to focus on.

The first is your internal controls – proper controls over budgets, expenses, procurement, and so on, such as segregation of duties, audit checks and financial reconciliations will help to prevent fraud. However, as Princess Leia once explained in the original *Star Wars*: "The more you tighten your grip, the more star systems will slip through your fingers," meaning that ever-tighter and often inflexible controls can often prove

ineffective, as people quickly learn how to circumvent them.

Another is fraud monitoring and detection using appropriate indicators (some banks used to require that staff only have accounts with them, so that they could monitor account transactions) and whistleblowing procedures. But having such monitoring and detection controls does not guarantee they will be implemented effectively: the head of financial crime in one organisation I worked for once stated, with misplaced pride, that the whistleblowing hotline never rang, but that same organisation suffered a major governance and misconduct scandal only a few years later (long after I left, if you ask).

So what does work best? In my view the best weapons are training and culture. What businesses need are loyal employees who understand that occupational fraud is far from victimless and is an assault on their fellow employees, shareholders and customers. Achieving these outcomes is not easy, especially when many businesses are still looking at redundancies and pay freezes to make ends meet. However, there are organisations that can help – such as Leicester University, which offers an anti-fraud and corruption training course, and Cifas, the fraud prevention service, with its annual employee fraud scape. It is also possible to learn from successful organisations like the John Lewis Partnership, which typically suffers from less occupational fraud than other organisations – attributed to its profit-sharing partnership structure and high levels of employee engagement. After all, if you own a share of your organisation, you are only stealing from yourself.

So in combatting fraud do not forget the softer controls like culture and training. If you can get these right, you should see significant reductions in revenue losses from fraud – and if you do, remember who gave you that advice. I still want to earn that yacht!

*Dr Simon Ashby is Associate Professor of Financial Services at Plymouth Business School*