One Step Ahead: The fund administrator's role in protecting funds and their investors against wire fraud and Business Email Compromise (“BEC”) Scams

Christian Pollard, SVP Head of Shared Services, Opus Fund Services

Hackers and Scammers are a creative breed of criminal. They leverage a deep understanding of technology and pair this with increasingly sophisticated strategic approaches that seek to fool even the most diligent of individuals into facilitating wire fraud. As it stands today, they are winning, the FBI reported that BEC scammers have extracted an eye watering $3bn from their victims since 2013.

Victims range from individuals, to mom and pop business and all the way up to some of the largest most technologically advanced firms on wall street. With over $3tn dollars in the global hedge fund space, it's no surprise the scammers and fraudsters have turned their attention to our industry, with recent breaches being widely publicized.

So how should a fund go about mitigating these risks? Gone are the days of the annual dusting-off the funds carbon copy Red Flag Policy prior to its annual submission to regulators. If we as an industry solely await guidance from regulator's and seek only to fulfil baseline, check the box, compliance, the scammers will forever be one step ahead.

Sophisticated risks require sophisticated solutions and oftentimes smaller managers lack internal resources to proactively improve process and technology at the pace of the ever-increasing complexities of threats, so they turn to their fund administrator for support.

At Opus, our philosophy is to always turn to technology and process to fix problems. This approach results in a lean and efficient business, but from time to time the human touch is also needed to ensure absolute protection.

The Opus Red Flag Policy is a constantly evolving approach to security that serves to protect our clients and their investors from these malicious attacks by staying one step ahead of fraudsters. This is achieved through pairing our award winning iSymphony platform with sound operational controls and processes all under the careful watchful eyes of our Cyber Security Officer Dr. Kuljeet Kaur and our Group Risk Committee.

The Opus framework ensures wire requests are legitimate and that they are originating from the correct authorized users leaving you to concentrate on running your fund and your investors comfortable their money is in safe hands.