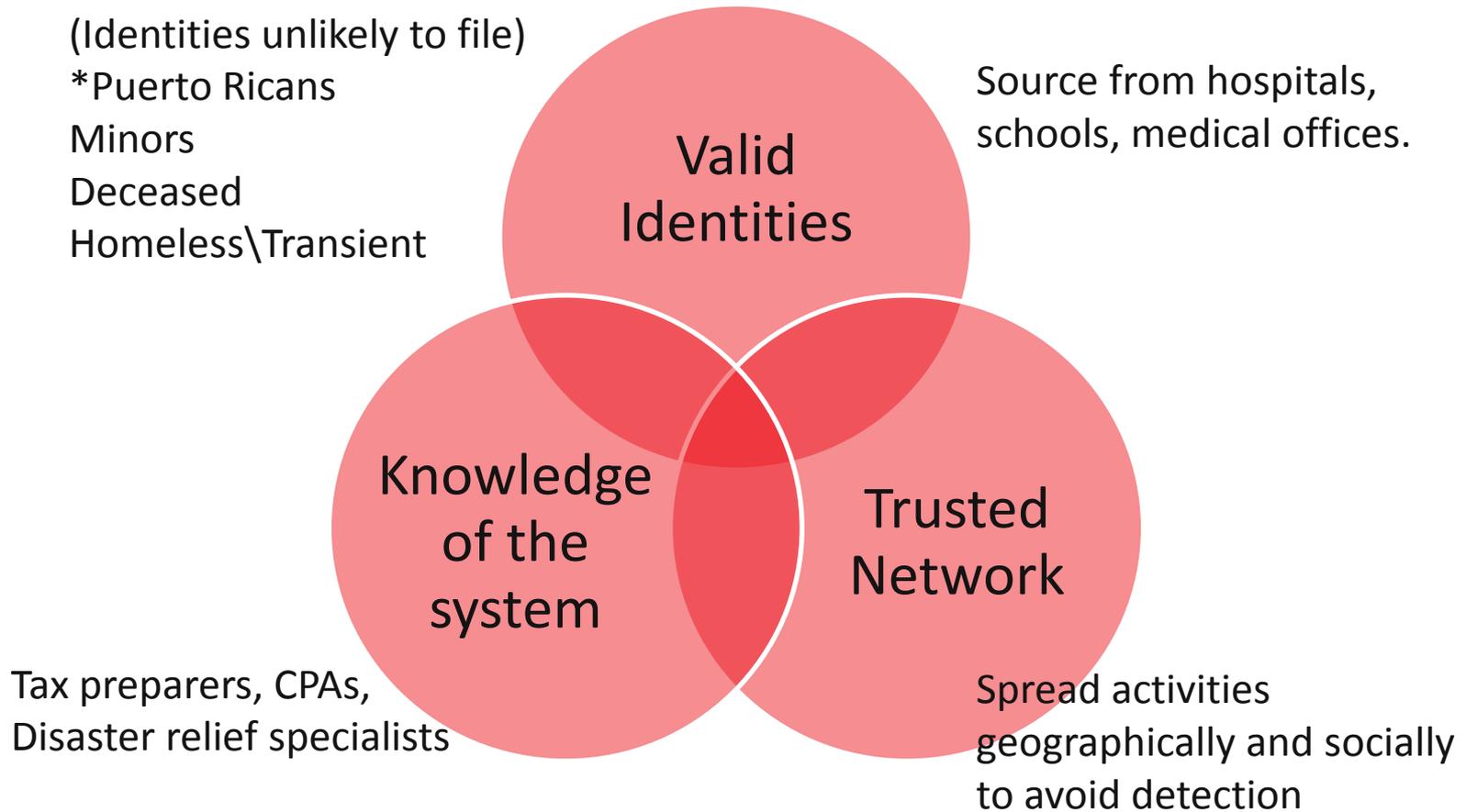




See Through Patterns, Hidden Relationships and Networks to Find Opportunities in Big Data.

Crowdsourcing large scale identity theft and fraud to make bucket loads of easy money

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*Residents of Puerto Rico have valid SSNs but are generally not required to file federal tax returns if they are bona fide residents of Puerto Rico during the entire tax year.

Make the “self reported data” support your fraudulent claims.

- Make the address look like a high rise
 - Use a single address but add SUITE or APT
 - Use mailboxes etc. so the addresses will be valid AND it will look like a high rise.

- DO NOT USE YOUR OWN ADDRESS STUPID!
 - Find safe local addresses you have access to that you can ‘control’.
 - Vacant\foreclosed addresses.

- Group identities with the same last name at the same address
 - Looks like a family group.

- Spread locations out geographically to avoid detection
 - Use your social group to spread activities far and wide across the county.
 - Everyone is looking at Florida, use your family in Alaska.



SSN	FNAME	LNAME	ADDRESS
XXX-XX-XXXX	DAVEY	JONES	4021 MAIN ST, APT #202, TAMPA
XXX-XX-XXXX	HECTOR	BARBOSSA	4021 MAIN ST, APT #203, TAMPA
XXX-XX-XXXX	JACK	SPARROW	4021 MAIN ST, APT #204, TAMPA
XXX-XX-XXXX	WILL	TURNER	4021 MAIN ST, APT #208, TAMPA
XXX-XX-XXXX	JAMES	NORRINGTON	4021 MAIN ST, APT #209, TAMPA
XXX-XX-XXXX	ELIZABETH	SWANN	4021 MAIN ST, APT #211, TAMPA

Tax Refund Fraud

- Where did all the drug dealers go?
- E-Filing has made it easier than ever to file large numbers of returns using stolen identities rake in millions of dollars.
- **2010, prisoners successfully claimed \$35 million** in refunds using fake and/or stolen identities.
- 140 million Americans file federal income taxes every year.
 - 81 percent of those who filed federal income taxes in 2012 did so online.
 - If potentially 2.4 million cases of fraud existed for the 2011 tax processing year, that means that **you have a 1 in 58 chance of being a victim.**

Billions in Tax Refund Fraud-- and How to Stop Most of it

The Treasury may be losing as much as \$5 billion a year from fraudulent tax refund claims—and most of that fraud is entirely preventable.

The New York Times [reported](#) yesterday about the rampant use of identity theft to exploit weaknesses in the IRS's tax refund processes, sometimes resulting in thousands of fraudulent refunds.

The most common form of fraud simply requires criminals to obtain a valid name and social security number, preferably from someone who won't be filing a tax return. Then the criminal makes up wage and withholding information, files a tax return electronically (avoiding the need for an actual W-2 form), claims a few deductions and tax credits to produce a larger refund, and waits a couple of weeks for the refund.



IRS building on Constitution Avenue in Washington, D.C.. (Photo credit: Wikipedia)

Organized Identity Cultivation

- Scale it out, create a farm and cultivate a large number of identities.
- Real Social Security Cards.
- Photo IDs as needed for each identity.
- Maintain bank accounts.
- Tag identities to utilities.
- Move identities between controlled locations.
- Keep an organized database of each identity.
 - Helps pass all out-of-wallet checks.
(you are verifying your own fake data)
- Use shelf and shell companies to fake employment.



Bust-out Fraud: the 'safe' way to rob a bank.

- Scale it out.
 - Recruit straw identities
 - Use your identity farm
- Fake Businesses for employment details.
- Pass all out-of-wallet checks.

Feds uncover 'bust out' scam that cost banks \$80m

'Straw buyer' army recruited from former Soviet Union

Federal authorities have uncovered an elaborate organized crime ring they say recruited some 700 immigrants from the former Soviet Union to defraud banks and other creditors of more than \$80m.

According to documents filed in US District Court in Denver, the organizers hired the immigrants to be pawns in what's known as a "bust out" scheme, in which the identity and credit line of a business are used to get loans by an otherwise non-creditworthy borrower who has no intention of repaying.

The most common form of the scheme involves the making of fraudulent loan applications, such as those allegedly submitted by 23-year-old defendant. A few months after legally entering the US in April 2007 on a K-1 visa, she stated in a credit card application she completed online that she had been employed at her current job for five years and made \$180,000 per year.

Citibank promptly mailed her a card with a \$25,000 limit.

Nikitina received five cash advances on the card for a total of \$24,500. A few weeks later, she sent Citibank a check for \$25,000. Although the check was returned for insufficient funds, the fraudulent payment caused Citibank to temporarily increase her credit line. The total financial loss to the bank was calculated at \$69,940.94.

Disaster Relief Fraud

Natural Disasters (Hurricane Sandy) resulted in hundreds of thousands of homes being destroyed or damaged; and residents suffered tens of billions of dollars in losses because of storm damage.

Man made disasters like the Deepwater Horizon oil spill caused vast economic harm to people along the Gulf Coast and beyond.

The vast majority of these applicants have a legitimate need for the assistance they are seeking.

In any disaster, there are always individuals who are not entitled to that assistance, but who falsely claim those benefits for their personal gain, often at the expense of the true victims of the disasters.

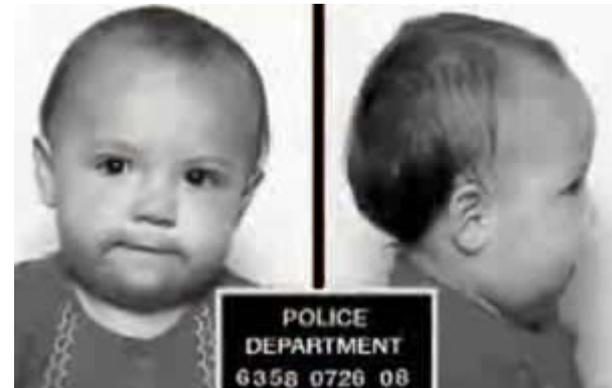


Large Scale Identity Theft in a Nutshell

- **At-Risk Identities**
 - Puerto Ricans
 - Children
 - Deceased
 - Homeless\Transient

- **Benefits Programs \ Government**
 - Less vigilant than Financial Institutions.
 - Identity Information is self reported.
 - All you need is valid SSN, Name combination!

- **How to scale**
 - Knowledge of how the system works.
 - Valid identity information
 - Local addresses.
 - Large trusted network



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We leverage data about people, businesses, and assets to assess risk and opportunity associated with industry-specific problems

Identity Authentication and Risk Assessment



Who are you?



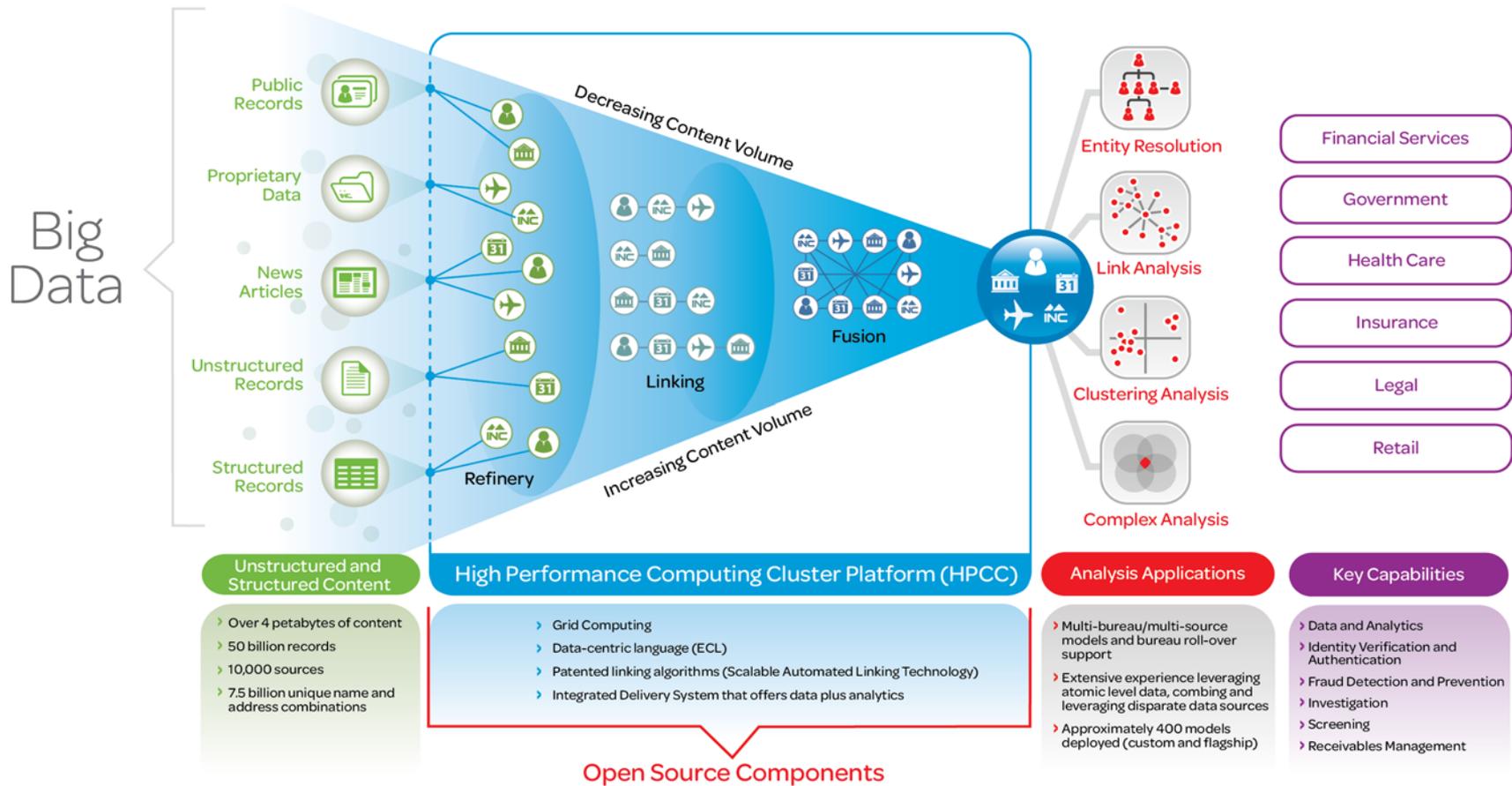
Where are you?

How much risk is associated with you?

Insurance	Assess underwriting risk and verify applicant data; prevent/investigate fraudulent claims; optimize policy administration.
Financial Services	Prevent/investigate money laundering and comply with laws. Prevent/investigate identity fraud .
Background Screening	Verify applicant identity and credentials. Avoid legal exposure by identifying criminal records and drug use.
Receivables Management	Assist collections by locating delinquent debtors. Assess collectability of debts and prioritize collection efforts.
Legal	Locate/vet witnesses, assess assets/associations of parties in legal actions; Perform diligence on prospective clients (KYC).
Government	Locate missing children/suspects; research/document cases; reduce entitlement fraud; accelerate revenue collection.
Health Care	Verify patient identity, eligibility, and ability to pay. Validate provider credentials; prevent/investigate fraud.

HPCC Systems: Open-source scalable Data Intensive Compute power

A big hammer for big data challenges.



- **High Performance Computing Cluster Platform (HPCC)** enables data integration on a scale not previously available and real-time answers to millions of users. Built for big data and proven for 10 years with enterprise customers.
- **Offers a single architecture**, two data platforms (query and refinery) and a consistent data-intensive programming language (ECL)
- **ECL Parallel Programming Language** optimized for business differentiating data intensive applications

The secret sauce in our portfolio is LexIDSM

LexIDSM

The fastest linking technology platform available with results that help you make intelligent information connections.

LexIDSM is the ingredient behind our products that turns disparate information into meaningful insights. This technology enables customers using our products to identify, link and organize information quickly with a high degree of accuracy.

Get a more complete picture

Make intelligent information connections beyond the obvious by drawing insights from both traditional and new sources of data.

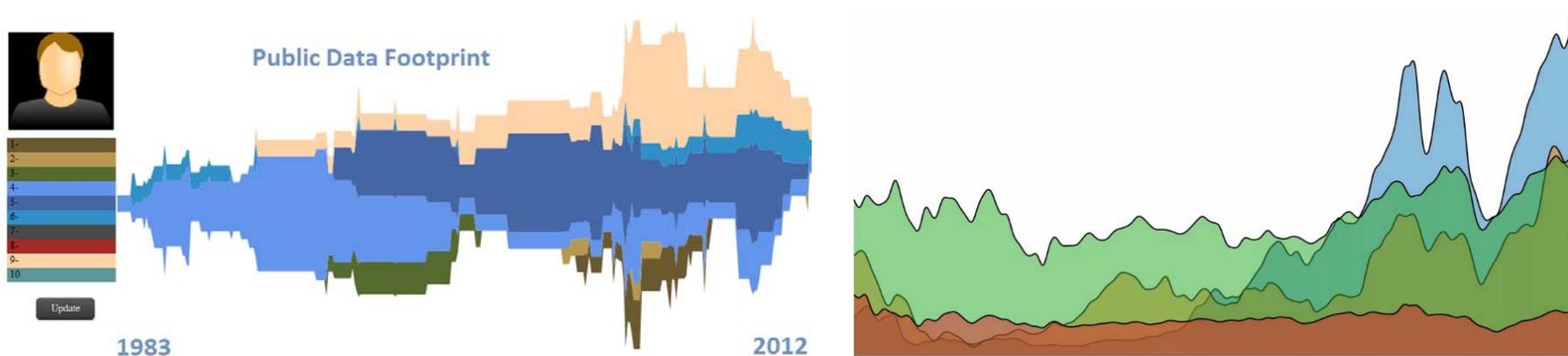
Better results, faster

Use the fastest technology for processing large amounts of data to help you solve cases more quickly and confidently.

Protect private information

Keep customer SSNs and FEINs secure and enjoy peace of mind knowing you are taking steps to observe the highest levels of privacy and compliance.





- Construct a more cohesive understanding of each identity and entire population.
 - How do identities evolve across time?
 - Provide a backdrop to detect unusual changes in Identity?
 - Meaningful deviations associated with identity theft or fraud.
- Real-time identity verification leveraging the full length and breadth of our data assets.

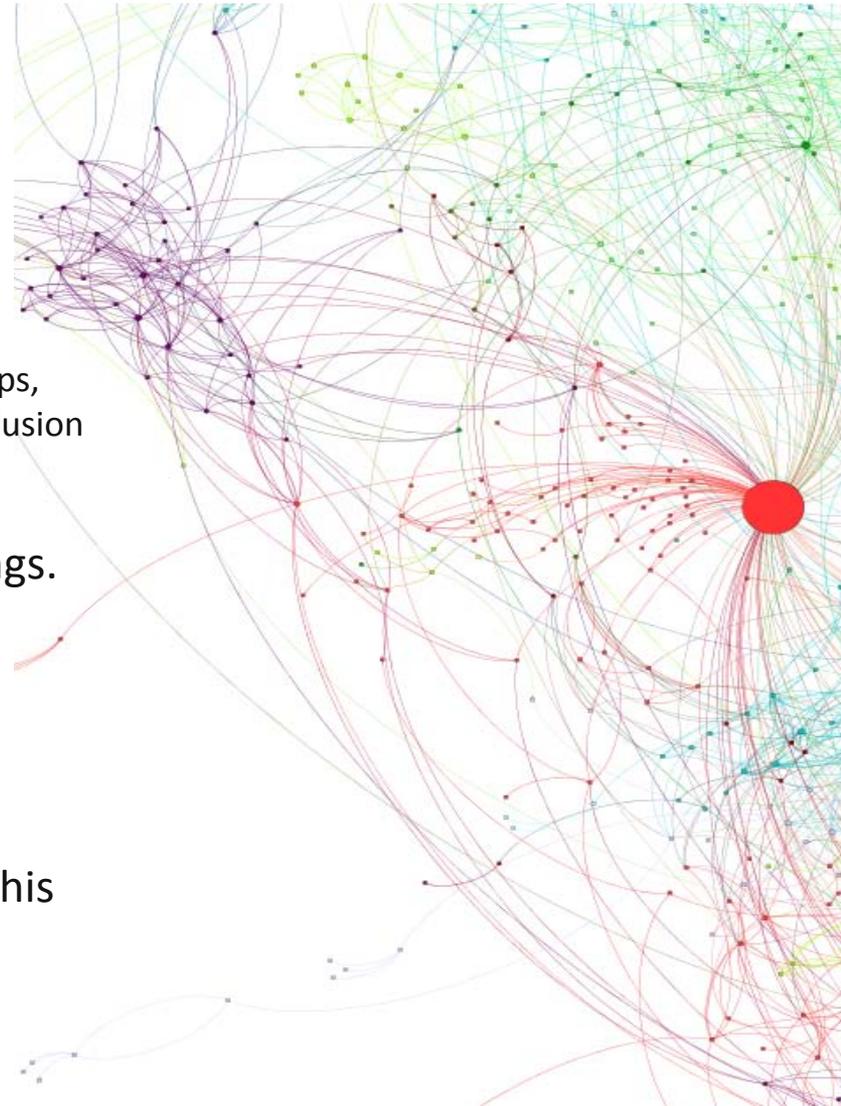
LexisNexis Social Graph

- LexisNexis public data social graph
 - Relationships inferred from 50TB of Public Data.
 - People connected to people, assets, businesses and more.
 - High Value relationships for Mapping trusted networks.

- Large Scale Data Fabrication and Analytics.
 - +- 270 million Active Identities, 4 billion people relationships,
 - E.g. 140 billion intermediate data points when running collusion analysis on property transfers.

- Large scale graph analysis best for finding fraud rings.
 - Healthcare.
 - Financial Services.
 - Insurance
 - Government
 - Retail

- Does the identity fraud solution you use factor in this kind of depth and scope?

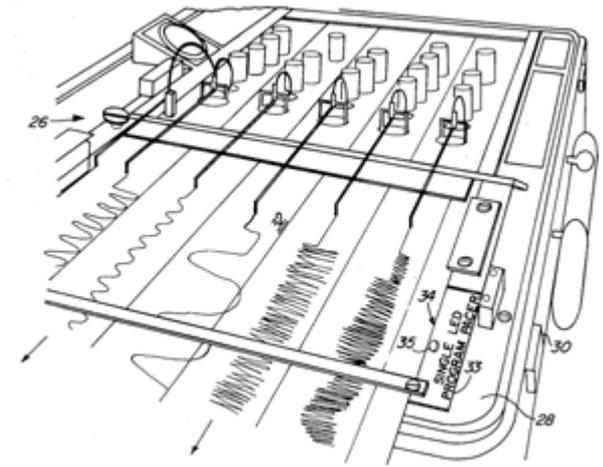


The Biggest Big Data Real-time Lie Detector

Identity Risk Variables

- Are you who you say you are?
- Does the location match where we would expect the identity to be located?
- How active is the identity?
 - Deceased?
 - Green card holders who might have left the county.
 - Students who might have left the county.
 - Puerto Ricans who might never have existed on the U.S. mainland.
- Dependent non-minor identities that do not match the filing identity social footprint .

The way to smash this scourge of Fraud is by leveraging massive amounts of public records data in scale, with smart analytics and data intensive super compute ability. This, is a LexisNexis Risk Solutions sweet spot.



Be the best version of you in data.

- Control your identity and make sure your electronic footprint works for you.
- File your return as soon as possible to narrow the window of opportunity for fraudster.
- When you move, change your address at the post office and forward your mail immediately so that you don't miss any bills, credit card statements, etc.
- Keep tabs on your credit score.
- Keep your contact information and registrations current on vehicles such as cars, boats, trucks.
- Keep your contact information current with financial institutions so that your mortgage, bank accounts, student loans, always reflect your current address.
- Keep your contact information current at your employer.
- Social Tip! Unified social media logins are fast becoming virtual identity repositories. Manage your virtual presence wisely and more importantly; pick your friends wisely, both virtually and in the real world.

Individual responsibility is a great start, when it comes to Tax Refund Fraud, but it is only part of the solution. If a fraudster is going to use your information to file a fake tax return, it is up to the government – the IRS or the state department of revenue – and its systems and controls to catch fraudsters filing fake returns.

Where to go if you have more questions?

- Visit us at **Booth #722**
 - If you want to learn more about our Open Source massive parallel-processing computing platform (High Performance Computing Cluster) <http://www.hpccsystems.com>
 - If you want to learn more about the innovative ways we tackle fraud in scale using big data.

- **Free online HPCC Systems courses**
 - <https://learn.lexisnexis.com/hpcc>

- Data products and services:
 - Government:
 - Financial Services:
 - Healthcare:
 - Retail
 - Insurance



Visit <http://www.hpccsystems.com> for more information.

A Brief Note on Data Privacy and Regulation

- We are committed to responsible use of data and we are in rigorous compliance with legal and regulatory guidelines.
- We have an entire team devoted to information security, we undergo regular audits to meet and exceed industry/regulatory requirements.
- We have strict rules that cover access to data, this includes Law Enforcement and government.
- LexID helps ensure that the correct data is tagged to the correct identity with world class precision and accuracy.
- WE DO NOT MINE FACEBOOK or any other online social graphs!

