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## PRESS RELEASE

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### Fraudulent Financial Request Update

Unalaska, Alaska, August 30, 2019 – \$2,347,544.43 was returned to the City of Unalaska on August 22, 2019. The City had paid out a total of \$2,985,406.10 to a fraudulent bank account as a result of a phishing email scam in which the sender of an email represented themselves as a known vendor and requested a change in payment method. City staff expects insurance will fully cover the difference of \$637,861.67.

Between May 15, 2019 and July 9, 2019, the City sent payments for legitimate invoices to a fraudulent bank account that did not belong to the subject vendor. The vendor has since been paid the amounts owed.

The FBI played a significant role in finding the fraudulent account and in working to have these funds returned to the City of Unalaska. The FBI investigation continues. The City has no information on the investigation itself or the individuals involved in the scam.

FBI Special Agent, Steve Forrest, explains that, “Unfortunately these financial schemes are increasing in frequency and sophistication and we encourage anyone who realizes they have been victimized to follow the example of Unalaska and contact the local FBI office as soon as possible. We have numerous tools at our disposal which, if we are notified promptly, can be utilized to identify the perpetrators and work to recover lost funds. In the case of Unalaska we were able to recover funds and prevent any future loss thanks to the timely and thorough response from the city administration. We are continuing to investigate this case in an effort to identify the perpetrators.”

As previously reported, City staff immediately notified the FBI on July 10, 2019 when Finance Department personnel recognized this fraud event. City staff has revised internal controls and processes, incorporating FBI recommendations and GFOA (Government Finance Officers Association) best practices, to identify and close gaps in order to reduce future risks. The Mayor and City Council have been fully briefed on the situation.

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