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▶ Cybercrime – Boom Business for the Credit Crunch ?

MarkMonitor
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MAKING THE INTERNET SAFE FOR BUSINESS

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▶ AGENDA

- Hypothesis
- Evidence
- Action

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Recession and Fraud

Fraud is on the rise, with the value of fraud losses cases heard in 2007, compared with £192m in 2000.
BBC News - Oct 08

“Reported fraud reached its highest level for 13 years in 2008, at more than £1 billion, and the situation is likely to worsen as the economic downturn takes hold”
Press Association

“According to new research by card protection company, there has been a 25 percent rise in credit card fraud during the downturn, with London maintaining its title as fraud hot spot.”
SecurityPark.net

Fraud hunting thrives during the recession – “Desperate times call for desperate measures”
John Shmuel, Financial Post - Feb 2009

Fraud risk ‘rises’ during crunch - Corporate fraud was at its highest in the first six months of 2008, up on recent years.
BBC News - Oct 08

“Fraud is about pressure, opportunity and rationalization. Economic downturns bring in a perfect storm for each of those elements.”
Mike Savage, head of Ernst & Young’s Fraud Investigation and Dispute Services group.

“The recession is driving increasing numbers of British workers to commit crime, according to new research, with fraud by companies, employees and customers up threefold in the past year”
Guardian.co.uk

“There’s a direct correlation between the state of the economy and the amount of fraud.”
David Alexander, fraud investigation partner at KPMG

“Britain is heading for an unprecedented surge in fraud in the next two years as businesses and individuals struggle with the economic downturn”
The Times Online

“Fraud rocketed in 2008 according to the latest Fraud Barometer from KPMG Forensic, hitting the highest level recorded since 1995.”
CRN

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SAVE MONEY

SAVE MONEY

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Destination of Choice for Enterprises, Consumers

.... and Criminals

- Low cost per transaction
- “Bargains”
- Global reach
- Anonymity
- Easy to copy electronic brand images
- Policing limited or non - existent



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▶ Hypothesis

- Financial crisis = equals rise in crime
- Enterprises and consumers both seeking to save money
- This will mark a boom in online trade
- Both factors lead to a dramatic increase in online crime
- The internet is THE ideal environment for crime

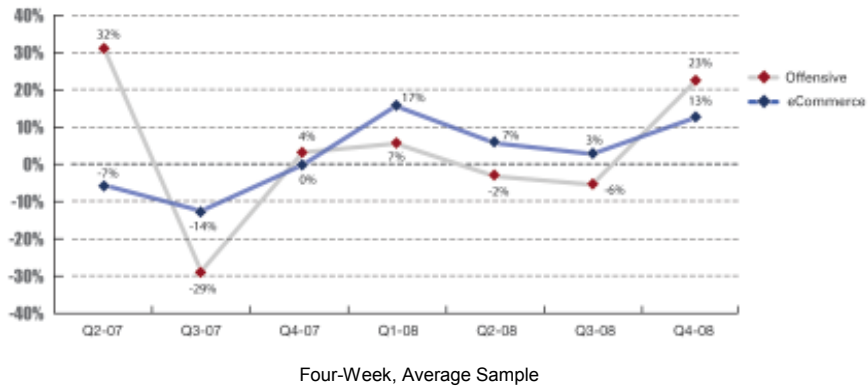
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▶ Evidence

- MarkMonitor Brandjacking Index™
 - “Year in Review” report published March 2009

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Offensive and eCommerce Abuse Growth



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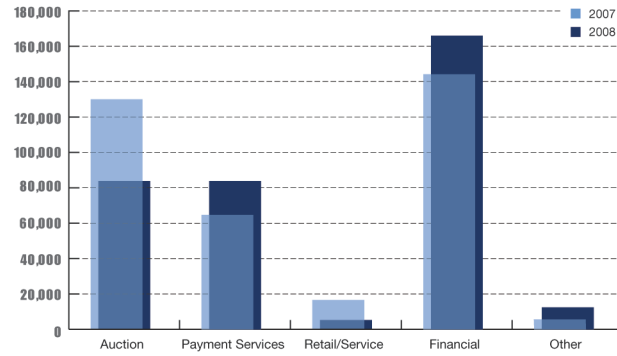
Brandjacking 2008: Brand Abuse Grows

Threat Type*	Q1-08	Q2-08	Q3-08	Q4-08	QOQ	YOY
Offensive Content	1,464	1,433	1,343	1,656	23%	21%
Pay-Per-Click Abuse	29,503	31,714	32,825	33,614	2%	24%
False Association	78,561	85,613	84,777	86,837	2%	20%
Cybersquatting	402,881	428,617	441,051	449,584	2%	18%
eCommerce Sites	19,736	21,131	21,802	24,589	13%	46%

* Threat types are not exclusive of other threats. Data is based on weekly samples averaged over one quarter.

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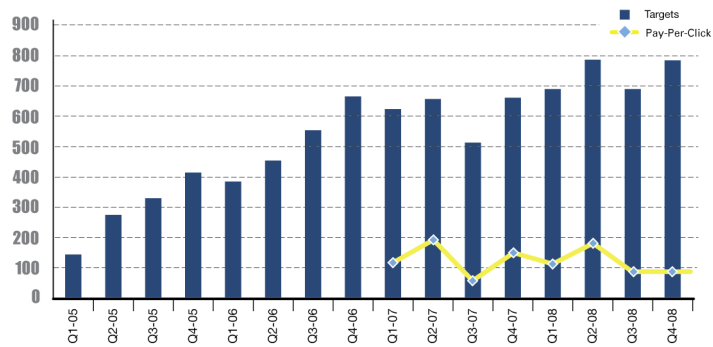
► Phishing by Industry – Year-over-Year Comparison



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► Increasing Number Organisations Targeted

Targeted Organizations



- 422 organisations were phished in Q4-08
 - Up 8.3% from Q3-08 (quarterly increase)
 - Up 7.3% from Q4-07 (annual increase)
- 444 organisations phished for first time in 2008

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▶ Phishing by Industry - Insights

- 11K Phishing attacks against “other” category – 135% YOY increase
- Phishers follow the money:
 - Payment Services comprise 27% of total phish attacks
 - Financial Services comprise 19% of total phish attacks
- Payment Services increased 122% in the second half of the year
- Financial Services increased 51% in the second half of the year, which can be attributed to the financial crisis
- Auctions dropped 67% in the second half of the year

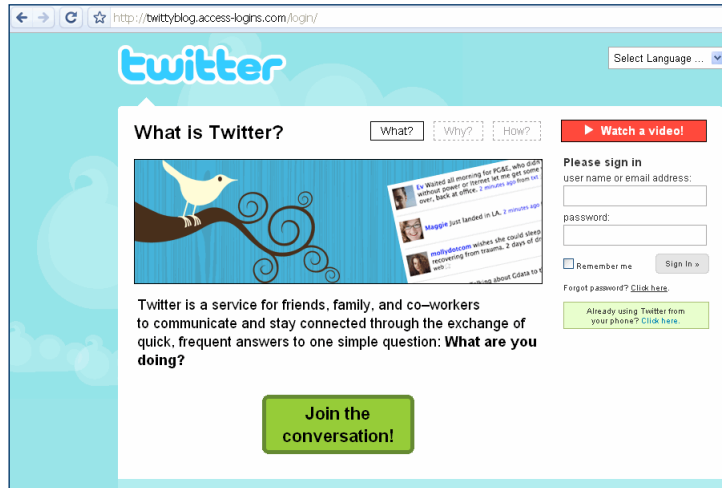
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▶ Phishing Observations 2008

- Phishers are moving into new verticals
- Phishing operations continue to scale
- New distribution channels are emerging for fraud
- New targets = fresh prey
- Financial market confusion and uncertainty are fertile ground for fraudsters

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New Targets: Communication Platforms



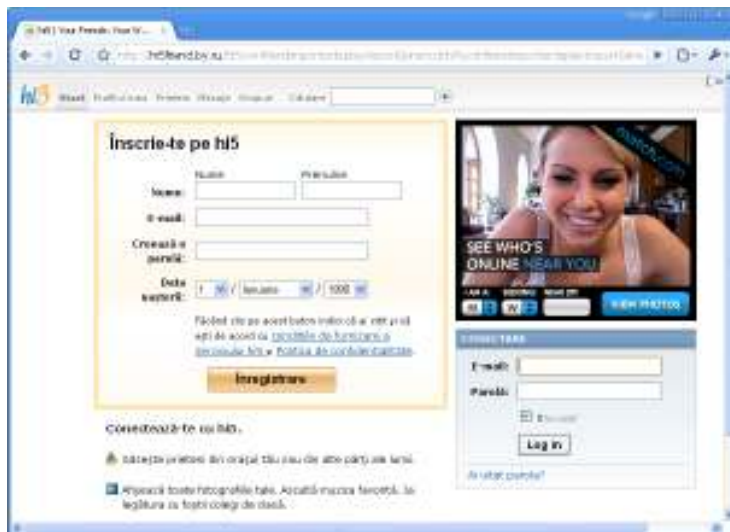
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New Targets: Virtual Worlds



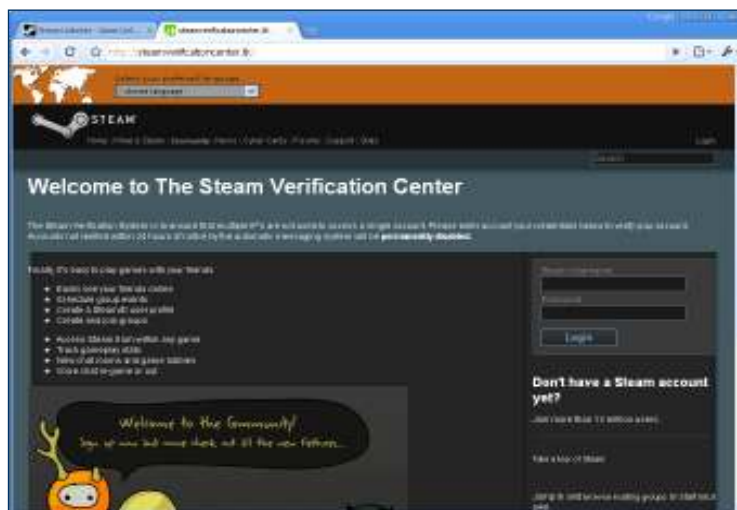
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► New Target: Social Networks



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► New Target: Gaming



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Summary of Report

- Brand abuse practices mature and sharpen
 - Overall abuse grows
 - 80% of abuse sites identified in Q1 2007 remain live
- Cybersquatting continues as tool of choice
- Brand abuse methods map to Web moneymakers
 - Offensive content and pornography
 - eCommerce
- Financial market confusion drives phishing growth in latter part of 2008
- Phishers exploit every opportunity to find new prey

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Actions

What can brand owners do ?

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▶ Create an enterprise brand protection strategy

- Involve relevant departments
 - Legal
 - Marketing
 - Security
 - IT
 - Finance
- Which geographies are important ?
- Which brands ?
- Make your own decision on the .BRAND gTLD

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▶ Detect Infringements

- Identify the many online brand infringements
 - Deploy staff to search the internet
 - Use an automated system such as MarkMonitor
- Prioritise
 - Most damaging to reputation
 - Transactional
 - Highest volume per registrant
 - “Recidivist” registrants

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Take Action – Enforce!

- ISP enforcement to remove infringing content
- Research the registrant
- Issue C&D and request transfer of domain
- Submit anonymous acquisition request
- Use Paypal enforcement if a trading site
- Start UDRP or similar reclamation process
- Consider invoking penalties
- Use technology for bulk online enforcements
- The future - “Brandcasting”

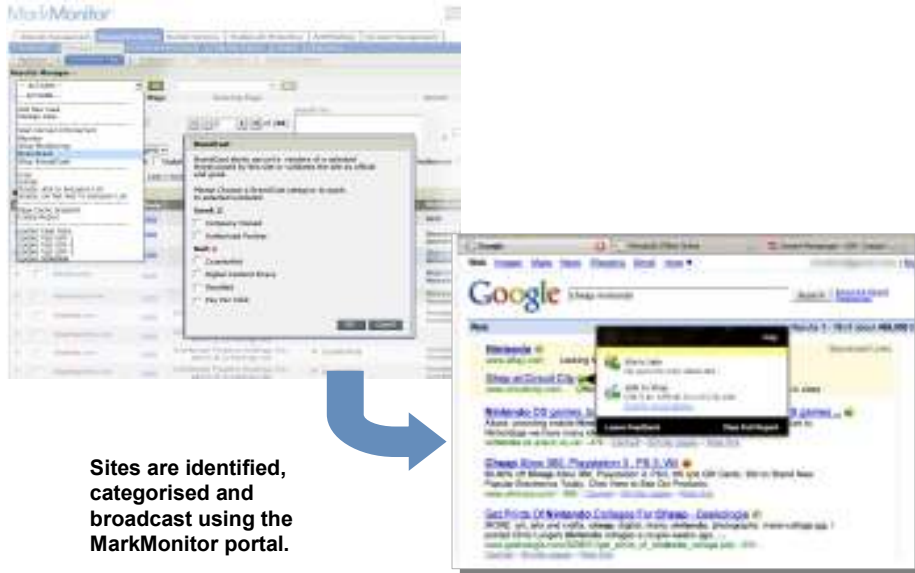
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Trusted Brand Broadcast System



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How does it work?



Sites are identified, categorised and broadcast using the MarkMonitor portal.

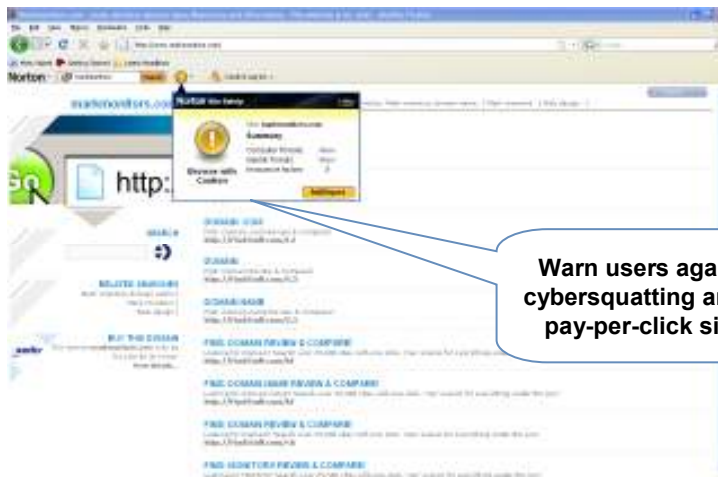
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Official Company Sites – Search Results



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► Cybersquatting / PPC – Direct Navigation



Warn users against cybersquatting and/or pay-per-click sites

► Counterfeit – Search Results



Warn users against sites with counterfeit or recalled goods

Site Report: safeweb.com



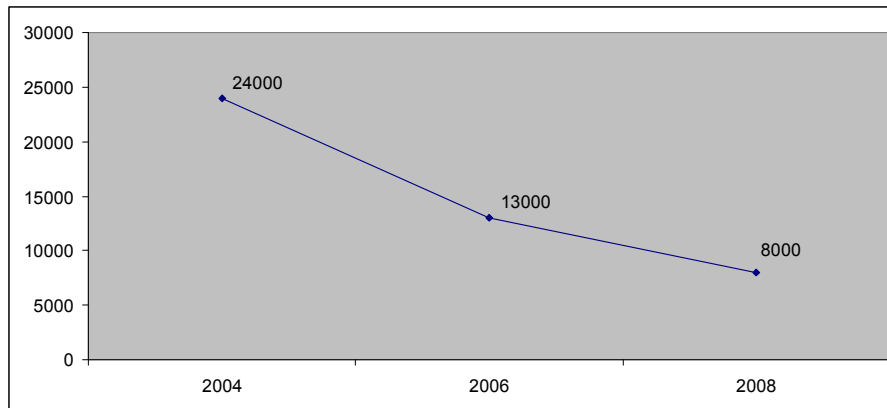
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Categorization Impact on Site Rating

Threat Type	Site Rating	Rating Icon	Notes
Counterfeit	Yellow		Warn users against sites selling counterfeit
Recalled	Yellow		Used to rate at URL-level
Cybersquatting	Yellow		Warn users against cybersquatting sites
Pay-per-click	Yellow		Warn users against PPC sites
Piracy	Info-only	N/A	Include on site report but does not influence site rating
Official company sites	Green		Inform users if the site is an official company site; one of three attributes for safe shopping
Affiliates / Resellers	Green		Inform users if the site is an affiliate or authorized reseller site; one of three attributes for safe shopping

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Global Electronics Company Consistent Enforcement Delivers Results



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Summary

- Cybercrime will boom as economic pressure increases
- The internet is a perfect environment for the criminal
- Responsibility for remediation is with the brand holder
- A holistic online brand strategy can be effective
- Enforcement is key, and brings results
- “Brandcasting” is a new weapon

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▶ For Brandjacking Indices, White Papers and
Case Studies

www.MarkMonitor.com

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