

Suspect Linked Merchant Detector (SLMD)

Overview



- 14 September 2017

Contents/Agenda title



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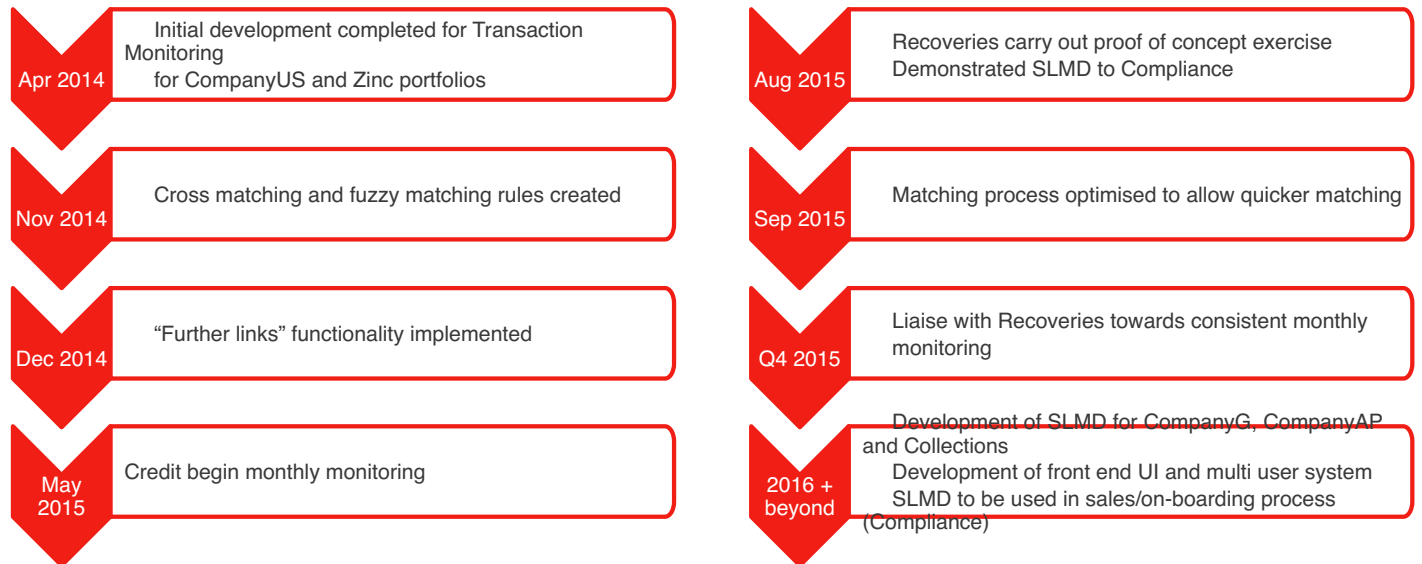
Origin

- Gap in fraud monitoring identified as no monitoring undertaken on merchants/Customers with attributes in common when a merchant/ Customer is found to be collusive.
- The existing GNF process is at the point of onboarding only. Matches on name and address details and consistently refers the same merchants. SLMD can monitor merchants throughout their lifetime.
- SLMD created in response to this issue for Company portfolio inc. Zinc.
- SLMD allows greater flexibility and more intelligent matching.

Overview

- SLMD is fed the IDs of suspicious merchants provided by monitoring teams.
- SLMD identifies links between suspicious and live merchants via straight and fuzzy matching rules by using merchant attributes, e.g. contacts, directors, addresses, contact details, bank accounts etc.
- “Further links” functionality allows the SLMD to check for subsequent links beyond the initial match (see appendix D).
- Results are manually passed onto monitoring teams via spreadsheet for investigation (see appendix F).
- Works alongside DataOI as SLMD does not monitor transaction activity.

SLMD Timeline



Monitoring Areas

Transaction Monitoring

- Monthly users since July 2014.
- Identifies links to merchants who were terminated for fraud or appear to be suspicious.
- 197 companies terminated via SLMD match where further investigations confirmed that the merchants were linked to fraudulent/collusive merchants.

Credit

- Monthly users since May 2015.
- SME Credit - Identifies links to merchants who have credit related terminations/diverts and those on the credit watch list.
- Large Credit - Identifies links to merchants who have hit Worldpay with a significant loss, e.g. KMA Republic, Cordula, Fine Home Designs, Modecor.

CompanyAP

- Ad-hoc users
- Identifies links to merchants who appear to be suspicious, e.g. APM Mafia ring (see appendix A).

Recoveries

- Began trial monitoring in August 2015, aiming for monthly monitoring going forward.
- Identifies merchants linked to those with debt, e.g. Lilac Blue Weddings (\$100k+ debt).

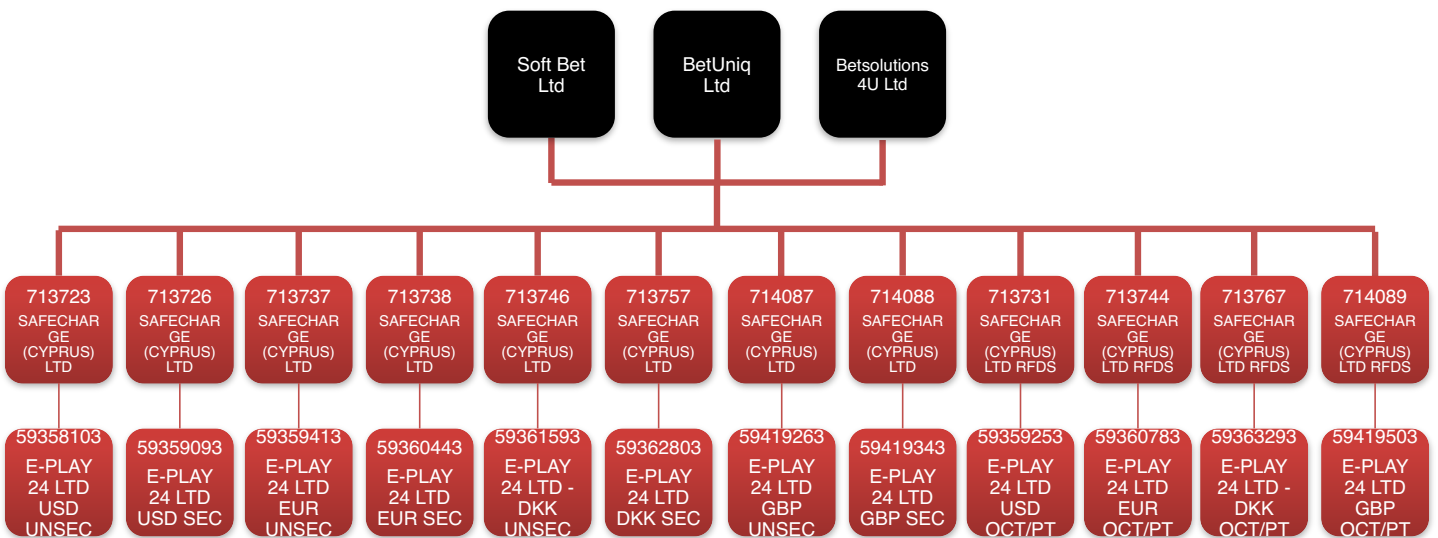
Compliance/AML

- Demonstration given, positive feedback received.
- Compliance want the SLMD in onboarding process.
- Currently engaging onboarding team alongside Compliance.

Requirements

- Championing/sponsorship from SLT and above
- Resource challenges in some monitoring teams is resulting in limited feedback and few investigations on potential links
- Feedback process with monitoring teams
- Opportunities for SLMD development

Appendix A - Alternative Payments Methods with links to the Mafia



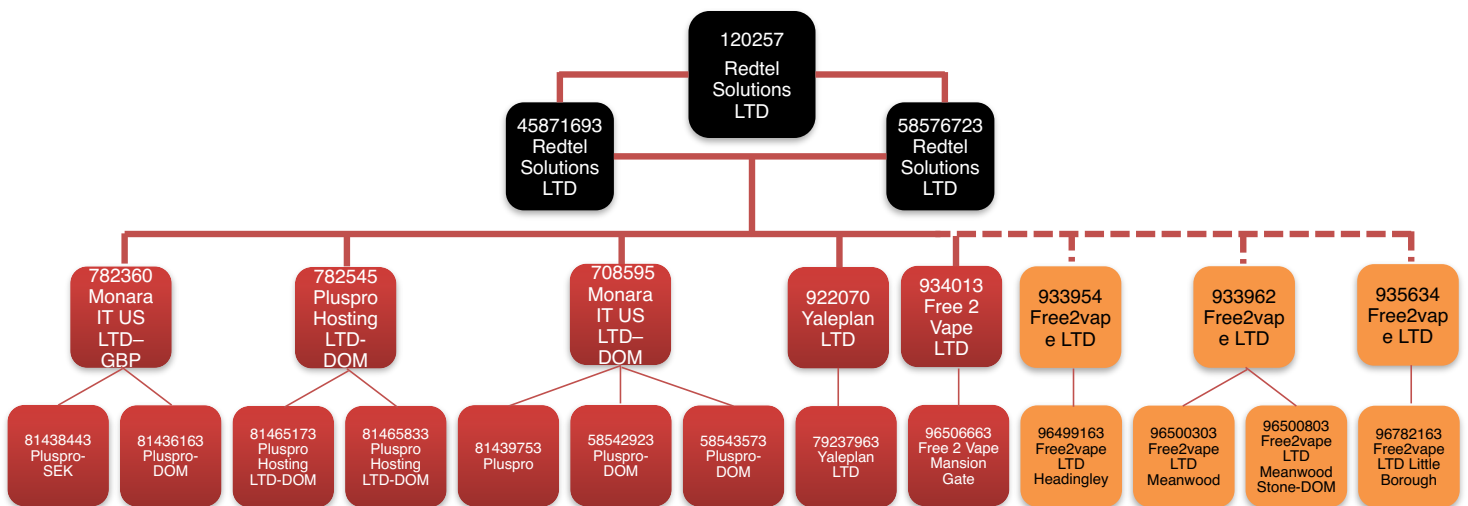
Risk identified 3 APM merchants linked to the Mafia

SLMD identified 12 other CompanyUS companies as they share the same director and similar trading addresses (fuzzy match)

Linked companies not identified by APM or London Credit teams

Linked companies now being issued termination notice by APM and London Credit teams

Appendix B – Redtel Solutions Ltd



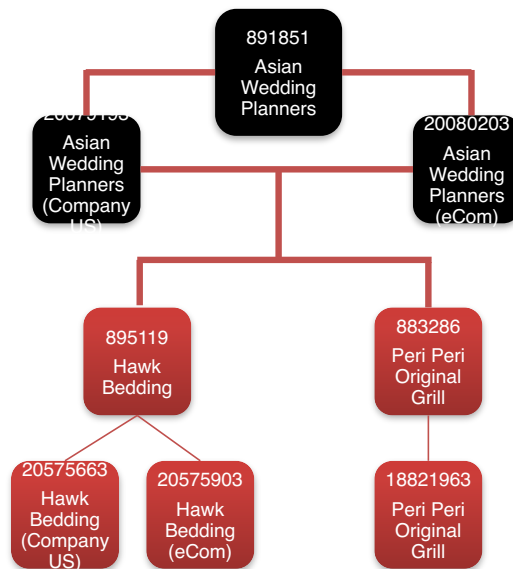
Risk made aware of Redtel Solutions Ltd who were originally terminated for selling legal highs (outside of risk appetite)

SLMD identified links to 5 other CompanyUS companies as they share the same contact, email, mobile and director (red companies)

Further investigation identified another 3 companies linked to Redtel Solutions Ltd (orange companies)

Further development of fuzzy matching rules will identify the 3 additional companies by their merchant name

Appendix C – Asian Wedding Planners Ltd



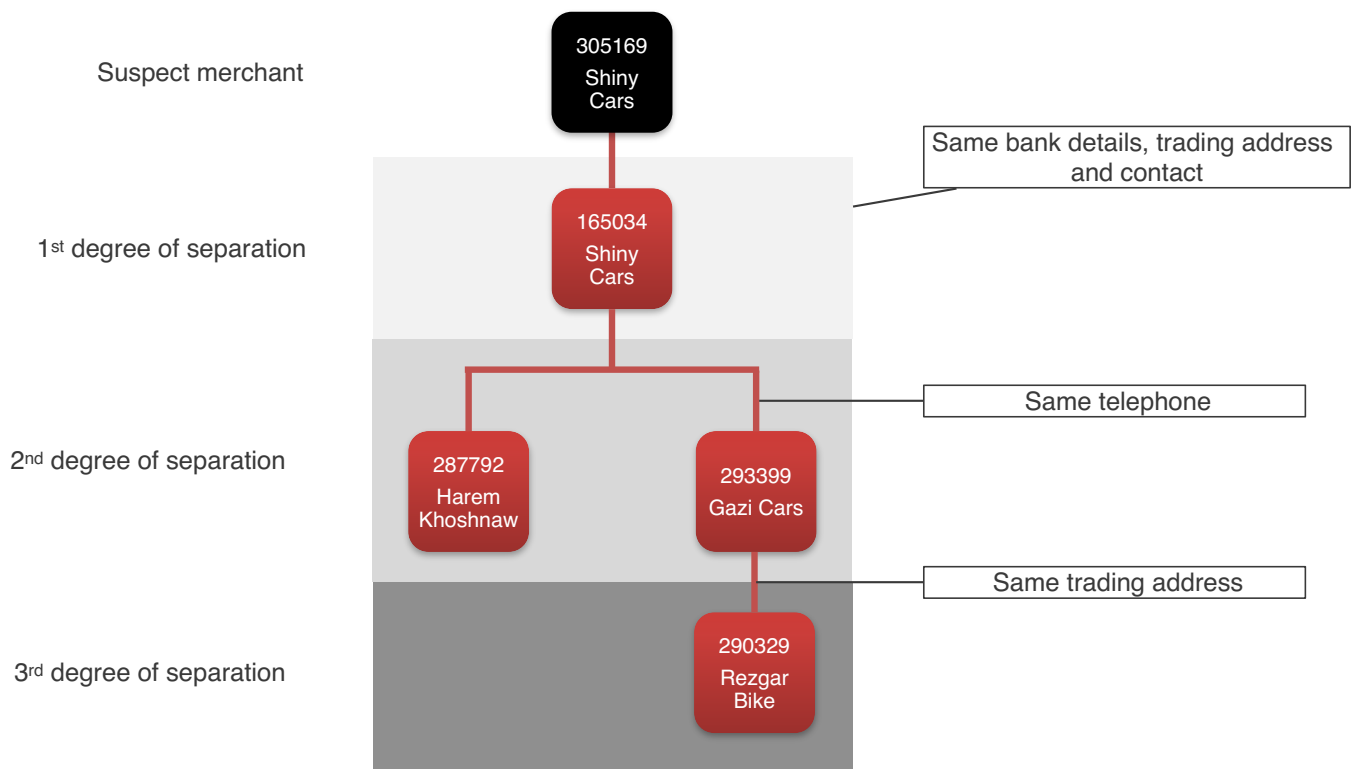
Terminated by Transaction Monitoring for processing fraudulent transactions

SLMD identified links to 2 other companies

Peri Peri Original Grill raided by Immigration Office for hiring illegal workers

Links were not identified by Transaction Monitoring

Appendix D – Subsequent Links Example – Shiny Cars



Appendix E – SLMD Process

Suspicious and terminated merchants requested from monitoring teams

Above merchants fed into SLMD

SLMD runs by checking for links from above merchants to all other merchants in the portfolio

Matches between merchants for each monitoring area are stored to spreadsheets

Spreadsheets sent to monitoring teams for investigation

Monitoring teams investigate links between the merchants and take any appropriate action to mitigate risk

Monitoring teams return their findings to show how many merchants have been investigated and secured for reporting purposes

Feedback from monitoring teams is implemented into the SLMD to increase its accuracy further and enhance its functionality

Appendix F – Example Output

Suspect Merchant				Links to...	Live Merchant				Rule Name	Match Value	
Com ID	Outlet ID	Merchant Name	Com Debt		Com ID	Outlet ID	Merchant Name	Com Debt			
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92	LINKS TO	18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Email Address	ANTOINETTE@LILACBLUE.COM	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Contact Name and Postcode	A HUNTER I W1S3HB	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Contact Mobile Number	7748630646	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Phone Number	8453881038	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869618	LILAC BLUE LONDON		Same Outlet Contact Name and Postcode	A HUNTER I W1S3HB	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869618	LILAC BLUE LONDON		Same Outlet Phone Number	8453881038	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869618	LILAC BLUE LONDON		Same Outlet Contact Mobile Number	7748630646	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Email Address	ANTOINETTE@LILACBLUE.COM	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Email Address	ANTOINETTE@LILACBLUE.COM	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Web Address	WWW.LILACBLUEWEDDINGS.COM	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Contact Mobile Number	7748630646	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Contact Name and Postcode	A HUNTER I W1S3HB	
13757	487885	LILAC BLUE WEDDINGS LTD	£112,369.92		18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Phone Number	8453881038	
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92		LINKS TO	18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Contact Name and Postcode	A HUNTER I W1S3HB
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92		18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Email Address	ANTOINETTE@LILACBLUE.COM	
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Contact Mobile Number	7748630646		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869614	LILAC BLUE LONDON LIMITED		Same Outlet Phone Number	8453881038		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869618	LILAC BLUE LONDON		Same Outlet Contact Name and Postcode	A HUNTER I W1S3HB		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869618	LILAC BLUE LONDON		Same Outlet Contact Mobile Number	7748630646		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869618	LILAC BLUE LONDON		Same Outlet Phone Number	8453881038		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Email Address	ANTOINETTE@LILACBLUE.COM		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Contact Name and Postcode	A HUNTER I W1S3HB		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Name + Postcode	WWW.LILACBLUEWEDDINGS.COM-DOM I W1S3HB		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Same Outlet Phone Number	8453881038		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM		Similar Merchant Names and Similar Postcode	WWW.LILACBLUEWEDDINGS.COM-DOM I W1S3HB		
13757	487888	WWW.LILACBLUEWEDDINGS.COM-DOM	£112,369.92	18760	869623	WWW.LILACBLUEWEDDINGS.COM-DOM					

Appendix G – SLMD Rules

Rule Type	Rule Name	Rule Description
Straight Matching	Company Name + Postcode	Same company name and postcode
	Outlet Name + Postcode	Same outlet name and postcode
	Address	Same address
	Address Telephone Number	Same telephone number at registered address
	Address Email Address	Same email address as registered address
	Contact Name + Postcode	Same contact name and post code
	Contact Mobile Number	Same mobile number as contact
	Contact Email Address	Same email address as contact
	Bank Account	Same bank account
	Director 1 Name	Same director
	Director 1 Address	Same director's address
	Director 2 Name	Same director
	Director 2 Address	Same director's address
	Director 3 Name	Same director
	Director 3 Address	Same director's address
Web Address	Same web address	
Cross Matching	Address Telephone -> Contact Mobile	Same telephone number as mobile number
	Contact Mobile -> Address Telephone	Same mobile number as telephone number
	Address Email -> Contact Email	Same "address" email address as "contact" email address
	Contact Email -> Address Email	Same "contact" email address as "address" email address
	Contact Name -> Director 1 Name	Same contact name as director name
	Contact Name -> Director 2 Name	Same contact name as director name
	Contact Name -> Director 3 Name	Same contact name as director name
	Director 1 Name -> Contact Name	Same director name as contact name
	Director 2 Name -> Contact Name	Same director name as contact name
	Director 3 Name -> Contact Name	Same director name as contact name
	Director 1 Name -> Director 2 Name	Same director 1 name as other director name
	Director 1 Name -> Director 3 Name	Same director 1 name as other director name
	Director 2 Name -> Director 1 Name	Same director 1 name as other director name
	Director 2 Name -> Director 3 Name	Same director 1 name as other director name
	Director 3 Name -> Director 1 Name	Same director 1 name as other director name
	Director 3 Name -> Director 2 Name	Same director 1 name as other director name
	Address -> Director 1 Address	Same address as director address
	Address -> Director 2 Address	Same address as director address
	Address -> Director 3 Address	Same address as director address
	Director 1 Address -> Address	Same address as director address
	Director 2 Address -> Address	Same address as director address
	Director 3 Address -> Address	Same address as director address
	Director 1 Address -> Director 2 Address	Same director address as other director address
	Director 1 Address -> Director 3 Address	Same director address as other director address
Director 2 Address -> Director 1 Address	Same director address as other director address	
Director 2 Address -> Director 3 Address	Same director address as other director address	
Director 3 Address -> Director 1 Address	Same director address as other director address	
Director 3 Address -> Director 2 Address	Same director address as other director address	
Contact Name Abbreviated -> Abbreviated Director Name	Same shortened contact name as shortened director name	
Abbreviated Director Name -> Contact Name Abbreviated	Same shortened director name as shortened contact name	
Contact Name -> Contact Name Transposition	Contact name has been switched - forename = surname, surname = forename	
Contact Name -> Director 1 Name Transposition	Contact name matches transposed director 1 name	
Contact Name -> Director 2 Name Transposition	Contact name matches transposed director 2 name	
Contact Name -> Director 3 Name Transposition	Contact name matches transposed director 3 name	

Any questions?

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