

Fraud Patrol Spotlight:

Lacey Field, Director of Operations, HMBradley

Naftali: Hi Everyone. I'm Naftali Harris, Co-Founder and CEO of SentiLink. I'm here with our first Fraud Spotlight interview with Lacey Field. Lacey, great to see you!

Lacey: Nice to see you too. Thanks so much for having me.

Naftali: Yeah, absolutely. Let's jump right in. So Lacey, what do you do?

Lacey: I am the Director of Operations at HMBradley. I've been with the company a little over a year now. And I manage our deposit operations our credit operations and our fraud operations because of course fraud touches both of those.

Naftali: And for everyone watching, HMBradley is...

Lacey: HMBradley is a FinTech company. We offer an account that can give our customers 3% APY on their deposit account funds. And then we also offer a credit card account that offers very dynamic rewards, 3,2,1% cashback based on your own spending categories. A lot of our goals are to be a customer first bank really do right by our customers and reward savers. That's very important to us is to reward financial behaviors that customers are already doing, which is trying to save money and just be smart about their finances.

Naftali: Well, I'm an HMBradley customer myself. Thank you for the work that you do. So, Lacey tell us about yourself. Where did you grow up? Where where'd you go to school?

Lacey: I currently live on the West Coast just outside of Newport Beach, California, but I'm actually from the East Coast. I'm from Philadelphia. So do not ding me on my accent too much. But I was born and raised in Philadelphia. I went to school at West Chester University, which is a small state school outside of Philadelphia. I just moved to California within the last couple years; just needed a change of scenery and, wanted to see what the business was like on the west coast because I was very familiar with East Coast banks.

Naftali: I did visit Philadelphia one time and had a really great time. Have you ever been to Eastern State Penitentiary?

Lacey: Yes, I have.

Naftali: It's pretty interesting, right?

Lacey: Yes, I've actually been there for Halloween, which they do up, and I've been there for the regular tour, which is really cool. And, it's in the heart of Philly which is fun.

Naftali: When I went there, Steve Buscemi was the audio guy

Lacey: Oh yes, I think he was there when I was there too! What a win.

Naftali: Maybe we can get some fraudsters thrown in there!

Naftali: So, Lacey, what did what did you study in school?

Lacey: I studied biology. I love science; I was one of those kids that loved every subject. I really liked crime and wanted to study forensic sciences but decided to do biology because I didn't want to pigeonhole myself.

I ended up studying plants and doing a lot of research on algo proteins, the distribution of them and different types of proteins of interest that can be used for glue and organs.

While I was in college, I worked at TD Bank after school and loved working in the bank setting. It was a great use of my skills. After college, I stayed on the banking track. I started as a teller when I was 18. I worked there for four years and became a new account opener, so I was a relationship manager for customers to help them make sure they had the right accounts and were maximizing their savings. It was typically checking and savings accounts, but we would also do like HELOC. We would do credit cards. We were very big into cross sales. We did mortgages, personal loans, so there was a lot of cross sales

Naftali: How did you transition into fraud?

Lacey: I've bounced around a bit. I really wanted to learn different aspects of banking. For me if I'm not being challenged, I'm not having fun. I don't want to just sit at a desk and do the same thing every day. That doesn't motivate me. After TD Bank, I went to Capital One because I really wanted to learn credit more, and I worked in their credit tracker program, which is similar to Credit Karma. I really learned a lot about scoring and educating our customers on how the credit scoring models worked, but it wasn't my true passion. I worked there for a little over a year and then worked at JPMorgan in retirement services. I was client facing so worked with a book of clients on their retirement services. Anyone who has a 401k, once you retire and you're ready to start receiving your benefits, the bank actually has to send you those benefits. So I worked on that team. After that I worked at Blackrock in their cash operations department. We reconciled portfolios, and I was always problem solving, but really didn't see fraud. I haven't worked too much in fraud until joining HMBradley.

Naftali: How do you like it?

Lacey: I love it. I never feel like I had my niche quite like I do at HMBradley. I love the fraud. It is my passion.

Naftali: What types of fraud do you typically see?

Lacey: We definitely see ACH fraud, mobile check deposit fraud, account takeover, identity theft and we do see a little bit of wire fraud. The majority is identity theft and ACH fraud.

Naftali: What's the craziest fraud you've seen?

Lacey: I do have a favorite that I shared at our internal Women's Network. During our account application process, we request a photo of your ID and selfie as a way to combat identity theft because we definitely have seen spikes with bot generated email addresses and things of that nature. So we do request an ID and selfie

during the account sign up. And we had this one customer apply and his ID and selfie were so good. It really had me scratching my head. Everything looked good on this application. The information was verified and matched what we expected. No spikes on fraud scores or anything. No real red flags, but when we were looking at the ID and selfie, they just seem to off and I couldn't put my finger on it. And he actually had a California ID and I live in California so I pulled out my California ID and compared it and wondered why does this not look right? I can't pinpoint exactly what's off. Something just didn't seem right. We have vendor that captures the ID and the selfie and I was able to see actually two selfie attempts on the vendor's website. And you could tell when you zoomed in that the photo used on the ID was exactly the same photo as the selfie and

that it was just all photoshopped. It was such a great case because if we had automation rules in place it might not have been picked up. It was a very clean case, but it just goes to show you how smart they can be and how they really try to go around the system.

I even used LinkedIn because this is an established person they were trying to impersonate. I think it was the fraudsters photo or at least someone who wasn't that same person whose id they had stolen. We use SentiLink and sometimes we have ID numbers. The ID number matched. Everything matched that we expected. It was just the photo that was off.

Naftali: I love the physical ID stories because like they're always more dramatic. Things like a ridiculous selfie.

Lacey: Yes, I had one selfie where someone was actually in the shower with shampoo in their hair. Some of the things you see and you're like, how are you applying for a bank account at that time? You know?

These are the things that keep me coming back to work each day. It's what makes it fun.

Naftali: It sounds like you get to combine what you're learning with your previous experience.

Lacey: Yeah, definitely. I use my previous experience and a lot of trends we'll pick up on are just, hey, think like a fraudster, what would you do? What's an easy attack? A lot of the methods that are being used aren't super sophisticated. They're just simple. If you create enough barriers, they're not going to want to pursue it. So even just requesting an ID and selfie at account sign up has decreased our attempts because it just creates extra work.

Naftali: Think about the fraud program you're building out at HMBradley, what has been your proudest accomplishment?

Lacey: Our proudest accomplishment, is how we've taken the time to evaluate our customers and understand them and how we've taken KYC to heart, know our customers and really evaluate what do people want with this account? Because we have a very specific model where we reward savings, we really try to understand at the account opening process what do you want with this account? What would your goals be? That has really been my passion project is trying to stop fraudsters at the door because once you let them in, it's just not going to end well. You can try to do as much cleanup as you can, but you're never going to 100% clean things up. So not letting them in through the door is your primary source of attack. So I've really revamped our onboarding workflow and tried to incorporate patterns that we've seen, even just, to have a human take a look at the application first, put them into our manual review queue, request that ID and selfie and make sure we're looking at it. That's really important. My proudest accomplishment is how much I've revamped our onboarding

workflow to try to combat that. And it's always a work in progress. I'm updating it constantly. The fraudsters will always try to attack the weak points you have. And sometimes you don't know that until it happens.

It's just thinking about, hey, what would they want with this account? What is their goal? It's so simple, but it really does it really does answer a lot of questions.

Naftali: That's one of the things I'm most impressed by. For HMBradley and other startups out there, it's a relentless focus on the customer to know, who are they how can we best serve them. It is incredible.

Lacey: That's one of the things I love about working at HMBradley. We are such a small team. So your voice really goes far. If we're making a product change, and we don't necessarily agree with it, we have such great leadership that we can voice that.

Naftali: Yeah, shout out to Zach (Bruhnke, CEO) and team. So, you are seeing some fraud. Some of it is, more obvious. Some of it is more challenging. Where do you where do you see fraud evolving in the next couple of years? What keeps you up at night? What do you think they're going to be doing next?

Lacey: It's so hard to be proactive with fraud and a lot of the times we're reactive and not understanding a problem until we see it come across our desk, but I really think identity theft is just, it's getting worse. So many people are victims of identity theft, and we see it ourselves certainly with the onboarding process.

Even email addresses used to be so easy to pick up on. An auto generated email address that was just made today, ok, let's flag that, but now they understand that and they're creating (new email addresses) and then waiting six months so that there's history.

I really think we're going to continue to see identity theft be a problem and actually get even more sophisticated. With unemployment, we saw so much fraud come through from unemployment funds where people used other people's social security numbers to get benefits from states they never even lived in. That was a huge thing that HMBradley took very seriously and we were shutting down accounts and freezing ones that were all identity theft related. The more we can understand those trends and pick up on them, especially like IP addresses. We haven't really dived too much in IP addresses. But why aren't we looking at the locations and seeing does it make sense that someone would log in from Los Angeles at 9am and New York City 10am. That doesn't make sense. So flag that right? There's so much opportunity to be smarter and look at patterns that we're dipping our toe into.

Naftali: Yeah, I don't think any of us will be out of a job anytime soon. On a fun note, what do you do when you're not fighting fraud, helping customers and building your business?

Lacey: Yes, I love animals. I'm surprised you haven't seen my cat but I do have a cat right over there. I also love nature a lot. That's part of the reason I moved to California. I love hiking. I love the beach. So I try to get outside when I can but fraud does keep me inside and connected to my computer because I just can't get enough of it. I always say that my direct reports. There's just so much that you can look at when it comes to fraud.

Naftali: That's a great note to end on. Thanks for chatting, I learned a lot.

Lacey: Thanks for having me!