

Information Notice

FINRA Warns Firms of Hoax Emails That Purport to Be From Regulators

Executive Summary

Recent reported incidents of hoax emails designed to spread malicious software pose an emerging threat. FINRA warns firms to beware of emails that falsely claim to be from regulators that purport to be or contain regulatory inquiries. These emails may contain a link to malicious software, ask for sensitive information or otherwise pose security risks to firms. Firms that receive what appear to be regulatory inquiries from FINRA or other regulators via email should use caution before opening any link or attachment or providing any information in response to the email. Failure to exercise caution could result in a cyber-security breach that could pose significant risk to the firm.

Questions regarding this *Notice* should be directed to Anthony Cavallaro, Senior Vice President, Central Review Group, Office of Fraud Detection & Market Intelligence, at (646) 315-7319.

Discussion

As FINRA noted in its 2012 annual regulatory and examination priorities letter, the risk of cyber-security attacks against the financial services industry is an on-going concern.¹ A recent spate of fraudulent emails from financial regulators that appear to contain regulatory inquiries highlights that risk.

The Securities and Exchange Commission (SEC) recently warned investors to beware of emails that appear to come from the SEC's Office of the Whistleblower.² For example, according to the SEC, one widely circulated email claimed that the Office of the Whistleblower received an anonymous tip about alleged misconduct at the recipient's company, and warned that failure to respond to the email would result in an investigation of the company by the SEC. The email stated that the recipient can access "the complaint details in U.S. Securities and Exchange Commission Tips, Complaints, and Referrals portal under the following link." According to the SEC, the link is to malicious software, not to the SEC or any SEC database.

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Suggested Routing

- Compliance
- Legal
- Operations
- Registered Representatives
- Senior Management

Key Topic(s)

- Cyber Security
- Information Technology

FINRA has recently received reports of similar incidents involving emails that purport to be from the SEC or the IRS. One email, that appeared to be from the IRS, was addressed, “Dear Chief Accountant Officer”, and informed the recipient that “your Tax Return Appeal id#7360631 has been REJECTED. If you consider that the IRS did not properly investigate your case due to a misunderstanding of the case details, be ready to submit additional information. You can obtain the rejection file and re-submit your appeal under the following link Online Tax Appeal.” This email is fraudulent. As the IRS states on its website, the IRS “does not initiate contact with taxpayers by email or any social media tools to request personal or financial information.”³

To date, FINRA is not aware of any fraudulent emails to broker-dealers that purport to be from FINRA. However, FINRA cautions firms that receive emails that purport to be from FINRA, and that contain regulatory inquiries, attachments, or embedded links, or that ask for sensitive information, to use caution before responding, opening an attachment or clicking on a link. If your firm has questions regarding the legitimacy of an email that purports to be from FINRA, contact your firm’s Regulatory Coordinator. FINRA also urges firms to exercise similar caution before responding to any regulatory inquiry that purports to be from the SEC, the IRS or any other financial regulator. Failure to do so could pose significant risks to a firm.

Endnotes

1. See FINRA’s [2012 Annual Regulatory and Examination Priorities Letter](#).
2. See SEC’s “[Warning on Bogus E-Mail Purporting to be from SEC Office of the Whistleblower](#)”.
3. www.irs.gov/privacy/article/0,,id=179820,00.html