



**OFFICE OF AUDITOR OF STATE**  
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**AUDITOR SAND UPDATES ADVICE TO GOVERNMENTAL ENTITIES TO BE  
WARY OF FAKE EMAILS WHICH APPEAR TO BE FROM LEGITIMATE VENDORS**

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In accordance with section 11.6(7) of the Code of Iowa, the Office of Auditor of State is to be immediately notified of any suspected embezzlement, theft, or other significant financial irregularities. The Auditor recently learned of amounts a City paid email scammers posing as vendors and determined it is in the public interest to issue this Alert to help prevent other governmental subdivisions from falling victim to the same circumstances.

In January 2020, the Auditor issued an Alert regarding unknown parties which had attempted to fraudulently misdirect state and local governmental entities in Iowa into issuing payments by posing as vendors. A copy of the Alert can be found [here](#).

In the recent situation, a City in Iowa learned payments to three legitimate vendors had been sent to bank accounts established by scammers who contacted the City via email. After discovering the misrouted payments and consulting with cyber security specialists, City officials learned a City email account had been compromised and they believe the account was monitored by the scammers for several months. After identifying City vendors who received electronic payments from the City, the scammers sent emails to the City which appeared to be from legitimate vendors with updated bank account information. The fraudulent emails sent to the City contained logos, contact information, and formatting which were consistent with other communications received from the three vendors. However, upon close examination, it was later determined the addresses of the fraudulent emails varied from the authentic vendors' email addresses by moving a "dot" in email addresses one place to the left or right.

In order to ensure the validity of any instructions to revise bank routing information, Auditor Sand strongly advises representatives of all governmental entities to call any vendors to independently confirm instructions received electronically. Do not respond to the email, but instead use previously held contact information to ensure the appropriate party is reached.

Auditor Sand also recommends governmental entities consider implementing a notification of electronic payment to an established vendor email address. The notification should ask vendors to promptly confirm the receipt of funds and immediately contact the governmental entity if the electronic payment was not properly deposited to the vendor's account. In addition, governmental entities should require vendors to provide existing bank account information when requesting an update their bank routing information as a safeguard.

If a representative of a governmental entity learns it received an email improperly instructing them to revise bank routing information for future payments, this information should be reported to the FBI through <https://www.ic3.gov/default.aspx>. In addition, the entity should immediately contact the Office of Auditor of State at 515-281-5834 to report the suspected irregularity as required by section 11.6(7) of the Code of Iowa. If you have any questions or concerns regarding this matter, please contact the Office of Auditor of State at 515-281-5834.