



Mitigating the Risk of Deepfake Fraud for Your Company



Social engineering, or social hacking, is the act of manipulating social behavior to gain access to information or spaces without permission. One common form of social hacking is email phishing, which is the act of sending fraudulent emails impersonating a trusted source to get the recipient to take some sort of action. With the growth of AI, we are now seeing forms of social hacking that leverage audio and video to take impersonations to a whole new level.

In February 2024, cybercriminals orchestrated a sophisticated deepfake fraud against a Hong Kong company, resulting in a staggering \$25 million loss. The fraudsters utilized deepfake technology, powered by generative AI, to impersonate the company's top executives on a video conference call and instructed an employee to transfer funds to fraudulent accounts.

In another case, cybercriminals employed deepfake audio to execute a CEO fraud scheme, extracting \$243,000 from a UK-based energy company. By using AI-generated audio that replicated the voice of the parent company's CEO, the fraudsters coerced the UK company's CEO into making unauthorized wire transfers under false pretenses.

These incidents underscore the alarming potential of deepfakes to manipulate individuals and perpetrate large-scale financial frauds.

The emergence of new generative AI technologies has empowered fraudsters to create highly realistic deepfakes, enabling them to impersonate individuals with alarming accuracy. To generate a deepfake, fraudsters simply need to obtain an audio or video recording of an individual. Recordings can often be found on sites like YouTube, LinkedIn, Facebook, TikTok, a company's website, or even a recorded telephone call. With that in hand, a deepfake video or audio recording can be created in little time.

Compounding the problem is the speed in which deep fake audio or video can be created. As AI technology becomes faster and faster, a deep fake chatbot can respond instantly and participate in a conversation. This type of interaction can create very realistic situations.



The move to remote and hybrid work has provided fertile ground for audio and video impersonation. No longer can you count on in-person meetings where you know who you're meeting with. These have been widely replaced by video meetings, instant messengers, email, and phone calls.

All of these factors have led to significantly enhanced sophistication of deepfake fraud, making it imperative for organizations to bolster their defenses against such threats.

To safeguard against deep fakefraud, companies must prioritize awareness and education among employees. Most employees are simply unaware of the extensive capabilities of generative AI. By educating staff on the existence and dangers of deepfakes, businesses can enhance their ability to detect and respond to potential threats effectively.

In addition to making employees aware of the risks, encourage them to be skeptical and report or challenge situations that don't seem right. Deepfakes can take many forms, so it's best to err on the side of caution.

Another way to safeguard against deepfake fraud is to reassess and bolster internal procedures and policies around identification, especially when dealing with sensitive information or financial transactions. Consider multi-factor or biometric authentication or using unique codes that only a specific individual would know. Also, consider requiring multiple approvals for specific actions, such as financial transactions above a certain amount.

Deepfake fraud poses a high risk to companies in an era where bad actors can exploit new AI technologies for manipulation and financial gain. By staying vigilant, fostering a culture of skepticism, and implementing comprehensive security measures, your organization can significantly reduce the threat posed by deepfake scams and protect its assets from sophisticated cybercriminal activities.



Final Thoughts

If you would like to learn more about policies and procedures to mitigate the threat of fraud in your organization, please contact our office. One of our expert advisors would be happy to discuss your unique situation.



About Heard, McElroy & Vestal

In 1946, S. Berton Heard, Charles McElroy and Charles Vestal founded Heard, McElroy & Vestal, LLC in Shreveport, Louisiana. Together, this trio of professionals established the firm as a pillar of trust, integrity and competence, with the mission to create solutions and provide opportunities for our clients, our people, and our communities. HMV is one of the largest public accounting and consulting firms in Northwest Louisiana, servicing our clients throughout the states of Louisiana, Arkansas, Texas, Mississippi, Oklahoma and Tennessee from offices in Shreveport and Monroe. Our firm is comprised of over one hundred (100) employees: Partners, Of Counsel Partners, Senior Managers, Managers, additional Professional Staff and Administrative Staff. Our Professional Staff includes more than fifty (50) certified public accountants who obtain additional certifications which are Accredited in Business Valuation (ABV), Certified Fraud Examiners (CFE), Not-for-Profit Certificate holders, Certified Valuation Analysts (CVA), Personal Financial Specialists (PFS), and Certified Mineral Managers (CMM). Our team of professionals brings together many years and diversification of experience, providing a network of knowledge and resources and allowing for industry and niche specialization. Not one CPA can offer the range and quality of services a firm of our size is able to provide, while remaining small enough to deliver personalized service and attention to our clients with consistency on engagements. HMV's strategic associations include Align Mineral Management, LLC, Business Valuation Consultants, LLC and HMV Wealth Advisors, LLC.



Heard, McElroy & Vestal
Shreveport Location:
333 Texas Street, Suite 1525
Shreveport, Louisiana 71101

Monroe Location:
2808 Kilpatrick Boulevard
Monroe, Louisiana 71201



Shreveport - (318) 429-1525
Monroe - (318) 338-3108



hmv@hmvcpa.com



www.hmvcpa.com