



New Mexico
Office of the
State Auditor

GAO
Government
Accountability
Office

Risk
Advisory



1-866-OSA-FRAUD

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State Auditor
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URGENT Risk Advisory:

New Mexico City Scammed out of \$250,000. Use Caution!

This is an urgent risk advisory to warn all local public bodies and government entities about a scam that has already caused a significant financial loss to a New Mexico local public body.

Please be aware that e-mails indicating a change in vendor banking information can be false.

If you receive e-mails indicating a change in banking information, you should call a known number to confirm. Do not simply call a number provided within the e-mail, as that is likely to be fraudulent as well.

This warning is not simply academic. A local public body in New Mexico just fell victim to such a scam and has likely lost \$250,000.

Based on preliminary information received by the Office of the State Auditor, finance officials received an e-mail from an organization they do business with. The local public body does owe the company \$250,000 for services provided, so the communication wasn't unusual and didn't raise any alarm bells.

The e-mail seemed to come from an agent the procurement officer knows and has worked with in the past. It looked legitimate and asked the procurement officer to change the company's banking information for payment. The procurement officer didn't question or confirm the e-mail and the information contained within it. She forwarded it to the finance department which changed the payee information as requested.

Payment for more than \$250,000 was then made to an unknown subject, and that amount of taxpayer dollars is not likely to be recovered.

Subsequently the real vendor called requesting payments. Managers believed the payment had already been made, and realized they had made a payment to a fraudulent entity when they reviewed the situation.

Law enforcement has been notified and the OSA has initiated its own investigation through the Special Investigations Division .

More information will be shared once it is available.