

For Immediate Release

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Town of Peterborough Targeted by Cybercriminals - \$2.3 Million Stolen

It pains us to inform the residents and taxpayers of Peterborough that like so many other towns and cities, we have fallen victim to an internet-based crime that has defrauded our taxpayers of \$2.3m. We do not believe that the funds can be recovered by reversing the transactions, and we do not yet know if these losses will be covered by insurance.

On July 26th town officials learned that ConVal School District had not received the \$1.2m monthly transfer from the Town. Upon investigation we quickly realized that the town had been victim of an email-based fraud. Finance Department staff immediately put a stop payment order on the transfer, however the funds had already left the Town's account at Peoples Bank. At the same time, IT Department staff followed the protocol for alerting the U.S. Secret Service and the cyber security consulting firm ATOM Group through NH Primex, the Town's property and liability coverage provider.

The U.S. Secret Service Cyber Fraud Task Force immediately began tracing the funds through transactions that ultimately converted them to cryptocurrency. The ATOM Group and the Town's IT Staff were able to identify email exchanges between Finance Department staff and thieves posing as ConVal School District staff using forged documents and email accounts but were not immediately able to identify who had perpetrated the fraud.

On August 18th, with the original investigation still ongoing, Finance Department staff learned that two bank transfers meant to go to Beck and Bellucci, the general contractor working on the Main Street Bridge project, had also been fraudulently diverted to thieves through similar means. The U.S. Secret Service Cyber Security Fraud Task Force, ATOM Group and our insurance provider were immediately notified. Investigations into these forged email exchanges showed that they originated overseas. These criminals were very sophisticated and took advantage of the transparent nature of public sector work to identify the most valuable transactions and focus their actions on diverting those transfers. The U.S. Secret Service Cyber Security Fraud Task Force continues to diligently work through the subpoena process and investigate the case.

Though it is now believed that no town staff were criminally involved in the transfers, the Finance Department staff who were directly targeted in this fraud are on leave until the U.S. Secret Service's ongoing investigation has been concluded. We are now waiting to hear from our coverage provider if these losses will be covered, whether in whole or in part; town administration is exploring all options available and has reached out to our legislative delegation and the Governor's office for support. The Finance Department has cancelled all ACH transfers, and all policies and procedures relating to electronic transactions are under review. We will update the community as more information becomes available.

Tyler Ward, Select Board Chair

Nicole MacStay, Town Administrator

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