How Satyam would have opened 10,000 fictitious salary account

The ex-CFO of Satyam confessed that the employee number of stayam is ex aggregated by around 10,000. The newly constituted board claims that number is not ex aggregated. The problem now is whom to believe. Various question arises like Why the ex-CFO who has committed the fraud lies? Why the board will lie ? What is the vested interest of board in saying the above statement? Is some more thing under wrap ?. Lets not think about these questions, as many investigative agencies are working on to get the case unscrambled.

TO my mind question comes, as to how Satyam, would have opened 10,000 fictitious salary account without getting caught in as many as 8 years.

I did some thinking and being a fraud risk professional to my mind the following modus operandi can be thought of. It is rightly said “When there is a will there is a way” . In my earlier article I had said that when a person thinks of doing fraud, there will be 101 ways of doing that and when a person thinks of preventing the same there will be only 11 ways.

The likely modus operandi would be

To open an account following minimum document is required

1) Passport size photo 2) Identity document 3) Address document. So how Satyam will create the above fictitious document and which also in 10,000 volume. The question is genuine but answer is simple . Assume in a year Satyam gets around 10 lac application out of which assume 30%, 3 lacs applicant are called for an Interview. It is generally accepted practice of asking 2 passport photographs and Identity documents & address proof from applicants who are being selected or called for an Interview. imaging Satyam has on an average 3 lacs Identity details per year and by rough estimate around 10 lacs during the fraud period. Thus obtaining the document was not so hard as we thought. Hence it was easier for company like Satyam to get the required documents without any cost.

2) How the account would have been opened by Satyam after obtaing the above genuine documents ?

If a genuine person want to open an account tremendous effort is required to open a saving account as there is a long process involved . But like every creature in the world is doing business, banks are also in doing business. If I want to open 100 salary account (Salary account is account opened by the employee of the company with whom the company has entered into an agreement for opening salary account relationship) the bank executive would be running after you as it will achieve the executive and bank target. Since Satyam name is big, there would be minimal check done by the executive and obviously the Bank. Thus in opening a salary account Satyam would have give a) The

Passport photo b) The identity document c) The fictious appointment letter d) Address proof (if required by the bank). without any problem and suspicious.

3) The other question comes in my mind that the account would have opened but the deliverables like cheque book, ATM card/PIN,Internet banking password etc would have gone to the account holder actual address which the applicant would have got and some would have raised question about the same. The fraud would have unearthed then.

Due to dynamism of Business and to cut cost various private sector bank had started issuing account across the counter. In olden days when a person opens an account it take average 3-5 working days to get the account number. but know with the advent of technology the account are sold across the counter. thus account is opened immediately and hence all the deliverables are handed over at the spot. So in case of Satyam, the accomplice of Mr.Satyam fraud creator would have collected the account data and deliverables after submitting the forms.

4) Other question comes to my mind since being a banker also there is a process of customer signature being taken at the time of handing over the deliverables to prevent deliver to wrong person ? So how that control have been broken by Satyam ? After think a lot the following would have been a possibilities a) The executive would have given the same in good faith to one person b) Account opening form would be a part of interview process where the accomplice would get the form signed from the applicant and submit the same to the bank executive with the acknowledgment signed by actual account holder. c) Bank executive would be a part of account opening fraud. various other way when the Bank gets a huge business the control at low level would have been laxed and of course no body would dare to imagine that Satyam would open fictitious account.

5) The other question comes is every quarter bank send the statement to the customer address? This would have alerted the actual applicant ? The following would be the modus operandi a) The address would be of the Satyam guest house, hostels etc where they provide accommodation for outstation employees b) The bank statement would be going in emails format etc.

Thus by doing analysis of all the above it appears that after a careful planning fictitious saving account can be opened and which would have helped Satyam to launder Satyam monies.

Harish Kesharwani